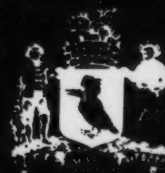


Financial Statements

1985



City
of
Halifax

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City of Halifax
Miscellaneous Trust Funds & Sinking Funds
Halifax District School Board
Halifax Metro Centre
Halifax Forum Commission
Halifax Civic Hospital
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CITY OF HALIFAX

CITY COUNCIL

1985

MAYOR

RONALD WALLACE

DEBORAH GRANT	WARD 1
RONALD CROMWELL	WARD 2
GRAHAM L. DOWNEY	WARD 3
NICHOLAS MEAGHER	WARD 4
GERALD O. O'MALLEY	WARD 5
RANDY DEWELL	WARD 6
RICHARD R. GRANT	WARD 7
J. ALBERT WALKER	WARD 8
TOM J. JEFFREY	WARD 9
MOIRA LEIPER	WARD 10
ARTHUR A. FLYNN	WARD 11
ALFRED S. HAMSHAW	WARD 12

CITY OF HALIFAX

OFFICIALS

CITY MANAGER	Paul Calda, P.Eng.
CITY CLERK (ACTING)	E. A. Kerr
CITY SOLICITOR	D. F. Murphy, Q.C.
CITY AUDITOR GENERAL	C. W. Smith, R.I.A.
DIRECTOR OF DEVELOPMENT (ACTING)	Paul Calda, P.Eng.
DIRECTOR OF EDUCATION	K. W. Perry, B.Sc.,M.A.,B.Ed.
DIRECTOR OF FINANCE & CITY TREASURER	B. G. Smith, C.A.
DIRECTOR OF PERSONNEL & LABOUR RELATIONS	M. M. Royer, LL.B.
DIRECTOR OF PLANNING	R. J. Matthews, M.A.
DIRECTOR OF RECREATION	H. J. Oehman, M.Sc.
DIRECTOR OF SOCIAL PLANNING	H. D. Crowell, M.S.W.
DIRECTOR OF TOURISM HALIFAX	L. M. Rogers
DIRECTOR OF ENGINEERING & WORKS	P. S. Connell, P.Eng.
CHIEF OF POLICE	B. D. Jackson
FIRE CHIEF	D. J. Swan
HALIFAX CITY REGIONAL LIBRARY	E. D. MacQuarrie, B.A.,M.L.S. Chief Librarian
HALIFAX CIVIC HOSPITAL	H. K. Frowd, B.Comm.,D.H.A. Executive Director
HALIFAX METRO CENTRE	K. D. Lewis Director of Operations
HALIFAX FORUM COMMISSION	A. Driscoll Secretary-Manager

CITY AUDITORS

Clarkson Gordon

BANKERS

The Bank of Nova Scotia



City of Halifax

City Treasurer

April 22, 1986

His Worship, Mayor Wallace
and Members of City Council

Your Worship and Members of Council:

I herewith submit the Financial Statements of the City of Halifax for the year 1985. The statements are presented on a consolidated basis, including the operating results of all Boards and Commissions, with the exception of the School Board. Statements are also presented showing separately the affairs of the City and its Boards and Commissions on an individual basis. These statements are in complete conformity with the guidelines for Municipal Accounting and Reporting laid down by the Department of Municipal Affairs of the Province of Nova Scotia. The Provincial Accounting and Reporting Guidelines calls for the exclusion of the accounts of the Halifax District School Board from the overall consolidated position of the City. This letter of the Treasurer which accompanies the financial statements has noted a trend of steady growth and well-being over the past dozen years. Many of the vital signs which may be detected from the financial statements are still good, but one trend in particular which was first noted in 1984, that of cutback in transfers from other levels of government, must be commented upon particularly.

Other levels of government are drawing back in very real terms from the levels of financial assistance and provision of programs previously made available to the City. This, compounded with the problem that much of the Provincial grants to Municipalities is based on an ability to pay formula which is being distorted by inflation of City real estate and, consequently, assessment values relative to the remainder of the Province has resulted and will continue to result in serious reductions in funds available to the City. Pressure should be brought to bear on the Provincial level to cause amendment to grant formulas distorted by inflation and by arbitrary reduction. Much of the effect of these reduced levels of grant payment has not yet impacted through to the taxpayer. Improvements in service delivery efficiency and utilization of previously accumulated resources have shielded the taxpayer from the worst of the effects of these reductions to date. With uncommitted special reserve funds down to a level of \$2.5 million, the City no longer has the resources to soften the blows.

The opening of new industrial land in the City will hopefully result in needed commercial assessment and business activity. The recent emphasis on tourism in the City, which is undoubtedly becoming a major industry, should go far to continue the brisk pace of economic activity that has been present over the past decade. The efforts of the City to reduce its debt loads and consequently the levels of debt retirement payments is beginning to take effect and will have an even greater effect in the future.

The boom in the central City redevelopment which has taken place over the past several years, with emphasis on office space construction and more recently on hotel construction, continues at a somewhat reduced pace which has a positive impact on revenues via taxation.

Overall, the financial data presents a picture of well-being. Tax collection levels, always good, have improved even further. As noted above, debt levels and the resultant cost of servicing debt continue to be reduced as a result of the "pay-as-you-go" policy which has eliminated the need for borrowing since 1982 and which will result in a continued positive impact on taxation levels while still allowing for an adequate level of capital replacement. Expenditures have generally been contained within budgets and budgets continue to increase at rates below the level of inflation.

One of the points touched upon last year was the pressing need to increase the stock of housing available in the City. Steps have been taken to increase the numbers of affordable housing units available. Every effort should continue to bring about added numbers of housing starts in the City. Every additional housing unit at any price level should be regarded as a positive step in the effort to improve the overall housing picture. The City, with its limited resources, cannot be expected to take over a responsibility which, traditionally, was that of Federal and Provincial government. Every possible step should be taken to stimulate housing construction without City subsidization.

A handwritten signature in dark ink, appearing to be "B. G. Smith", with a stylized flourish extending to the right.

B. G. Smith, C.A.
Director of Finance

/cw

CITY OF HALIFAX
HIGHLIGHTS & COMPARISONS

ASSESSMENTS (000's)	1985	1984(1)	1983	1982(1)
Residential Realty	\$2,213,669	\$2,180,788	\$1,678,637	\$1,657,822
Business Realty	940,670	903,543	695,985	674,725
Business Occupancy	362,803	354,924	292,281	276,157
Exempt Property (2)	1,867,703	1,314,914	1,093,599	997,442
	<u>\$5,384,845</u>	<u>\$4,754,119</u>	<u>\$3,706,502</u>	<u>\$3,606,146</u>
TAX RATES (Per \$100 of Assessment Including Fire Protection Rate)				
Residential Realty	\$ 1.5930	\$ 1.5368	\$ 1.8693	\$ 1.7770
Business Realty	3.7437	3.6145	4.3782	4.1706
Business Occupancy	3.6827	3.5455	4.2962	4.0846
TAXES				
Current Year Net Levy (000's)	\$ 80,725	\$ 77,042	\$ 72,672	\$ 67,403
Current Year's Collections (000's)	75,561	73,983	68,019	62,789
Collection % on Current Year Levy	93.60	96.03	93.60	93.15
Total Collections Including Arrears (000's)	\$ 79,369	\$ 78,227	\$ 72,085	\$ 66,216
Total Collection % on Current Year Levy	98.32	101.54	99.19	98.24
Past Year Arrears (000's)	\$ 299	\$ 409	\$ 711	\$ 390
DEBT				
CONSOLIDATED				
General	\$ 55,093	\$ 61,915	\$ 67,153	\$ 71,547
Schools	14,073	16,451	17,729	18,605
Gross Debt (000's)	\$ 69,974	\$ 78,366	\$ 84,882	\$ 90,152
Net Debt (000's) (4)	\$ 48,741	\$ 53,891	\$ 59,109	\$ 63,728
Per Capita Net Debt (Including Water Utility)	\$ 425	\$ 470	\$ 516	\$ 556
(Excluding Water Utility)	266	313	344	378
DEBT CHARGES				
CONSOLIDATED				
Net Debt Charges (000's)(5)	\$ 11,639	\$ 10,823	\$ 11,436	\$ 9,602
% of Current Revenue	7.7	7.7	8.7	7.5
CITY ONLY				
Net Debt Charges (000's)	\$ 9,047	\$ 8,299	\$ 8,878	\$ 6,997
% of Current Revenue	6.0	6.1	7.1	6.0
VALUE OF BUILDING PERMITS ISSUED (000's)	\$ 112,846	\$ 122,251	\$ 104,966	\$ 88,845
PORT VOLUME (000's) Total Cargo Tonnage	14,000	14,285	12,472	11,198
POPULATION (National Census)	114,594	114,594	114,594	114,594

- 1) Re-Assessment year.
- 2) Exempt by Provincial or Special Statute, a portion of which property yields revenue under Grants In Lieu.
- 3) Less Tax Concessions and Appeal Court reductions excluding items reserved.
- 4) Less Government supported debt and Sinking Fund investments.
- 5) Debt Charges less Government reimbursement of supported debt.

CITY OF HALIFAX
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1985



A MEMBER OF ARTHUR YOUNG INTERNATIONAL

1.

Clarkson Gordon

Chartered Accountants
12th Floor, Purdy's Wharf
1959 Upper Water Street
Halifax, N.S., Canada B3J 3N2
Telephone: (902) 420-1080
Telex: 019-22789

AUDITORS' REPORT

To His Worship the Mayor
and Members of Council
of the City of Halifax:

We have examined the consolidated balance sheet of the City of Halifax as at December 31, 1985 and the consolidated statements of revenue and expenditures and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the City as at December 31, 1985 and the results of its operations and the changes in its financial position for the year then ended in accordance with accounting principles prescribed for Nova Scotia Municipalities by the Department of Municipal Affairs applied on a basis consistent with that of the preceding year.

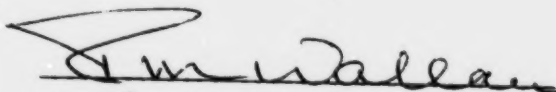
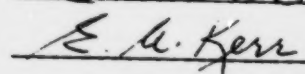
Le Clarkson Gordon
Chartered Accountants,
Registered Municipal Auditors

Halifax, Canada
April 4, 1986

CITY OF HALIFAX
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 1985
(in thousands of dollars)

	<u>1985</u>	<u>1984</u>
<u>ASSETS</u>		
Current:		
Short term investments	\$ 46,268	\$ 46,628
Receivables -		
Taxes	4,283	4,107
Federal and Provincial Governments	3,851	4,670
Other	4,345	4,660
Inventory of supplies, at cost	<u>1,358</u>	<u>1,211</u>
	60,105	61,276
Receivable from Province of Nova Scotia	318	16
Receivable under agreement of sale (note 4)	1,600	1,600
Long term investments held for Sinking Fund purposes, at cost	5,031	4,672
Trust account (note 5)	3,660	3,808
Deferred charges	2,327	1,914
Property acquired for taxes, at cost	172	172
Local improvements (note 6)	1,324	1,615
Property and equipment (note 7)	<u>362,962</u>	<u>344,701</u>
	<u>\$437,499</u>	<u>\$419,774</u>
<u>LIABILITIES AND EQUITY</u>		
Current:		
Bank indebtedness	\$ 4,393	\$ 2,911
Trade accounts and outstanding commitments	16,477	13,252
Deferred revenue	3,415	2,573
Asset valuation allowances	8,726	9,350
Long term debt payable in one year (note 8)	<u>4,873</u>	<u>8,531</u>
	37,884	36,617
Deferred revenue - local improvements	<u>1,594</u>	<u>2,001</u>
Long term debt (note 8)	<u>65,101</u>	<u>69,835</u>
Equity:		
Reserve funds (note 9)	34,248	36,701
Investment in capital assets (note 10)	295,386	269,273
Surplus (note 11)	<u>3,286</u>	<u>5,347</u>
	<u>332,920</u>	<u>311,321</u>
	<u>\$437,499</u>	<u>\$419,774</u>

On behalf of the City:

 Mayor
 ACTING City Clerk

See accompanying notes

CITY OF HALIFAXCONSOLIDATED STATEMENT OF REVENUE AND EXPENDITURES

FOR THE YEAR ENDED DECEMBER 31, 1985
(in thousands of dollars)

	<u>1985</u>	<u>1984</u>
Revenue:		
Taxes	\$ 88,500	\$ 81,839
Other revenue from own sources	22,815	21,392
Conditional transfers from Provincial and Federal Governments	19,295	17,185
Grants in lieu of taxes	10,908	10,524
Transfers from reserves and surplus	5,901	4,718
Unconditional transfers from Provincial Government	2,754	4,549
Sale of services	1,321	1,109
	<u>151,494</u>	<u>141,316</u>
Expenditures:		
Education	29,541	26,635
Protection	25,595	23,959
Transfer to reserves and debt servicing	22,878	18,426
Public health and welfare	19,397	18,105
Recreation and cultural services	12,400	11,169
Transportation	12,026	10,941
General government	8,389	8,159
Transfer to other governments and agencies	7,786	7,823
Water purification and transmission	6,283	6,293
Environmental health	3,468	3,184
Environmental development	2,457	2,290
Provision for uncollected taxes and receivables	708	316
	<u>150,928</u>	<u>137,300</u>
Excess of revenue over expenditures (note 11)	<u>\$ 566</u>	<u>\$ 4,016</u>
Analysis of excess of revenue over expenditures by source:		
City of Halifax Revenue Fund, before the following	\$ 185	\$ 3,382
Add (deduct) excess of budget over actual (actual over budget) expenditures -		
Halifax Forum Commission	(302)	(196)
Halifax Metro Centre	(41)	118
Halifax Regional Library	37	-
	<u>(121)</u>	<u>3,304</u>
Public Service Commission of Halifax	<u>687</u>	<u>712</u>
	<u>\$ 566</u>	<u>\$ 4,016</u>

See accompanying notes

CITY OF HALIFAX

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED DECEMBER 31, 1985
(in thousands of dollars)

	<u>1985</u>	<u>1984</u>
Working capital derived from:		
Operations -		
Excess of revenue over expenditures	\$ 566	\$ 4,016
Appropriation from surplus	(2,700)	(3,366)
Transfer to capital fund	1,068	2,782
Depreciation	1,044	1,120
Amortization of deferred charges	99	207
Assets acquired through revenue funds	184	5
Revenue fund withdrawals for debt repayment	7,455	5,296
Reserve funds	3,588	6,762
Gain on disposal of investments	(2)	(7)
Decrease in deferred revenue	(407)	(367)
Adjustment to prior year's taxes	73	-
	<u>10,968</u>	<u>16,448</u>
Proceeds from sale of investments	1,462	167
Decrease in trust funds	148	211
Local improvement collections	320	426
Decrease in receivable from Province	62	984
Proceeds on sale of assets	100	1,205
	<u>13,060</u>	<u>19,441</u>
Working capital applied to:		
Purchase or construction of assets	19,305	17,311
Less: Capital funding revenue	(10,463)	(9,544)
	<u>8,842</u>	<u>7,767</u>
Long term debt	4,734	8,869
Local improvement charges	29	56
Purchase of investments	1,381	479
Property acquired at tax sale	-	7
Increase in deferred charges	512	270
	<u>15,498</u>	<u>17,448</u>
(Decrease) increase in working capital	(2,438)	1,993
Working capital, beginning of year	<u>24,659</u>	<u>22,666</u>
Working capital, end of year	<u>\$22,221</u>	<u>\$24,659</u>

See accompanying notes

CITY OF HALIFAXNOTES TO CONSOLIDATED FINANCIAL STATEMENTSDECEMBER 31, 19851. Significant accounting policies

The consolidated financial statements of the City have been prepared in accordance with accounting principles prescribed for Nova Scotia municipalities by the Department of Municipal Affairs, the more significant of which are as follows.

a) Principles and basis of consolidation -

These separate consolidated financial statements are presented to provide an overview of the City's total financial operation. It is recommended that for a detailed review and analysis the reader refer to the separate financial statements for each of the various Funds, Boards and Commissions.

The principles of consolidation for the accounts of the City have been prescribed by the Province of Nova Scotia and have been followed in all material respects.

The consolidated accounts include the following Boards and Commissions in which the City has a 100% interest:

- i) Halifax Forum Commission
- ii) Halifax Metro Centre
- iii) Public Service Commission of Halifax
- iv) Halifax Regional Library

In addition, Sinking Funds administered by the Nova Scotia Municipal Finance Corporation and the City are consolidated in these financial statements.

b) Revenue recognition -

Major sources of revenue are recorded on an accrual basis. Certain other sources of revenue, including interest on past due taxes, are recorded on a cash basis. Deferred revenue relating to local improvement billings is recognized on a straight line basis over 10 years.

c) Expenditure recognition -

- i) Operating transactions - The City accrues outstanding purchase orders at the balance sheet date and unspent appropriations for special projects scheduled for completion. The financial statements include expenditures of approximately \$1,112,000 (1984 - \$905,000) in respect of this policy. The future liability for these items is included in trade accounts and outstanding commitments on the consolidated balance sheet.

- ii) Capital transactions - The City accrues expenditures on capital contracts only for work which has been completed at the balance sheet date. At December 31, 1985, contracts outstanding totalled approximately \$6,842,000 (1984 - \$5,040,000) for which work has not been completed and for which no provision has been made in the accounts.
 - iii) Except for the Public Service Commission of Halifax, principal and interest payments relating to long term debt are recorded as an expense when paid. The Public Service Commission of Halifax accrues interest at year end which amounted to \$1,247,000 at December 31, 1985 (1984 - \$1,279,000).
- d) Property and equipment -
- i) Capital assets and capital projects in progress are recorded at cost. Funds received through capital assistance grant programs, cost sharing arrangements or loan forgiveness, with the exception of funds received under partnership arrangements, are treated as additions to equity in capital assets.
 - ii) Proceeds received on the sale of City owned capital property and equipment are credited to the book value of property and equipment. The proceeds are transferred to the Special Reserve Fund.
 - iii) The City does not record depreciation on buildings, engineering structures, machinery and equipment, except for the Public Service Commission of Halifax where depreciation is recorded on a straight line basis and is calculated over the estimated useful lives of the assets. At December 31, 1985 the book value of the Public Service Commission of Halifax assets was \$88,318,000 (1984 - \$86,128,000).
- e) Unamortized deferred charges -
- i) Interest paid on advances during construction to Canada Mortgage and Housing Corporation and the Department of Regional Industrial Expansion is recorded as a deferred charge and amortized to investment in capital assets on a straight line basis over 20 years.
 - ii) Discounts on debenture issues prior to 1982 are amortized to expenditure on a straight line basis over 5 years. Discounts on issues in 1982 and subsequent years are expensed in the year of issue.

- 111) Meter replacement program charges of the Public Service Commission of Halifax are amortized to expense on a straight line basis over 15 years.

f) Asset valuation allowances -

The City provides an allowance for all uncollected taxes. In addition, the City provides for all receivables greater than one year old, any other doubtful receivables and estimated losses on resolved assessment appeals.

2. Contributions to Boards and Commissions

a) Consolidated Boards -

The City is required to finance the operating deficit, if any, of the Halifax Forum Commission, Halifax Metro Centre and Halifax Regional Library out of its current operations. The deficits financed by the City are as follows (in thousands of dollars):

	Expenditure		Surplus (Deficit)	
	Actual	Budgeted	1985	1984
Halifax Forum Commission	\$ 456	\$ 154	\$(302)	\$(196)
Halifax Metro Centre	340	299	(41)	118
Halifax Regional Library	2,460	2,497	37	-

b) Non-consolidated Boards -

- i) The Metropolitan Authority of Halifax, Dartmouth and the Municipality of the County of Halifax - financed approximately 48% by the City of Halifax -

The City of Halifax is required to participate in the financing of the Metropolitan Authority based on relative assessment and actual services provided. In addition to budgeted contributions, the participants are required to share in the deficits or surpluses of the Metropolitan Authority, based on their sharing percentages. During 1985, the total cost to the City was \$7,125,000 (1984 - \$6,972,000).

11) The Halifax Housing Authority -

The City of Halifax shares in the operating costs of the Authority to the extent of 12 1/2% of net operating costs on all projects except for the Bayers Road project which is at 25%. During 1985, the City provided gross funding of \$838,000 (1984 - \$881,000).

- 111) The Halifax District School Board - financed approximately 44% by the City of Halifax -

The City is required to provide a mandatory contribution for specified educational courses and may elect to provide funds for discretionary courses. In addition, any excess over the budgeted expenditures may, subject to agreement, be funded by the City. During the year, the City provided financing to the Board in the amount of \$29,541,000 (1984 - \$26,635,000).

3. Miscellaneous Trust Funds

Miscellaneous trust funds administered by the City of Halifax are reported on separately and the financial statements are included in the annual report to City Council. The total trust assets under administration by the City at December 31, 1985 amounted to \$2,143,000 (1984 - \$1,985,000).

4. Receivable under agreement of sale

During 1977, the City entered into a development agreement with a private corporation for development and sale of lands located off Quinpool Road which were purchased by the City in 1975. The City has received all payments required under this agreement to date. A final non-interest bearing instalment payment under the agreement in the amount of \$1,600,000 may be extended at the option of the developer to 1997, at which time title to all remaining phases will pass to the developer. A valuation allowance has been recorded for the full amount of this receivable.

5. Trust account - Public Service Commission of Halifax

The Province of Nova Scotia expropriated surplus watershed land in 1980. Sufficient proceeds from the expropriation have been invested to meet all principal and interest obligations for outstanding first mortgage bonds under the Principal and Supplementary Deeds of Trust and Mortgage. Principal funds in excess of the above stated requirements are available for capital purposes only. The investments in this account consist of senior government and corporate debentures recorded at cost.

Under the Deeds of Trust and Mortgage covering the Serial Bonds, the Commission is required to maintain a reserve fund equal to one year's principal and interest of the First Mortgage Serial Bonds. The Commission is using the trust account to satisfy the requirement of maintaining a reserve fund.

6. Local improvements

Local improvements are billed for collection over terms of 10 or 20 years but are frequently paid earlier.

7. Property and equipment

	<u>1985</u>	<u>1984</u>
	(in thousands of dollars)	
Land	\$ 16,023	\$ 15,005
Buildings	81,012	76,517
Engineering structures	231,511	219,318
Machinery and equipment	17,603	17,209
Other	<u>28,218</u>	<u>27,013</u>
	374,367	355,062
Accumulated depreciation	<u>11,405</u>	<u>10,361</u>
	<u>\$362,962</u>	<u>\$344,701</u>

8. Long term debt

	<u>1985</u>	<u>1984</u>
	(in thousands of dollars)	
Debenture debt	\$50,743	\$57,657
Payable to County of Halifax	2,264	2,479
Debenture debt applicable to Abbie J. Lane Memorial Hospital	380	1,001
Province of Nova Scotia, debentures	16,261	16,897
Canada Mortgage and Housing Corporation, debentures	<u>326</u>	<u>332</u>
	69,974	78,366
Less: Amount due within one year	<u>4,873</u>	<u>8,531</u>
	<u>\$65,101</u>	<u>\$69,835</u>

Principal repayments required during the next five years are as follows
(in thousands of dollars):

1986	\$4,873
1987	4,790
1988	4,680
1989	4,547
1990	5,201

Included in debenture debt is an amount of \$7,881,000 (1984 - \$8,265,000) repayable in United States dollars which is carried in the accounts at par, which approximates the Canadian dollar value at date of issue. The Canadian dollar equivalent of this debt translated at the exchange rate prevailing on December 31, 1985, amounted to \$11,058,000 (1984 - \$10,916,000). Any gain or loss on exchange is recognized at the time of the redemption.

The accounting regulations of the Board of Commissioners of Public Utilities of Nova Scotia require the Public Service Commission of Halifax to appropriate an annual provision for the repayment of long term debt from current year's income.

9. Reserve Funds

	<u>1985</u>	<u>1984</u>
	(in thousands of dollars)	
Balance, beginning of year	<u>\$36,701</u>	<u>\$34,866</u>
Income:		
Levies	2,787	2,921
Interest	3,148	3,595
Appropriation from operations	2,176	2,122
Proceeds from sale of assets	114	1,022
Transfer from capital fund	1,068	1,903
Other	955	92
	<u>10,248</u>	<u>11,655</u>
Expenditures:		
Pollution control and sewage treatment	2,222	2,961
Heritage buildings	16	85
Social rehabilitation programs	4	17
Capital projects	6,680	5,739
Purchase of equipment	1,831	1,018
Transfer to operations	1,948	-
	<u>12,701</u>	<u>9,820</u>
Balance, end of year	<u>\$34,248</u>	<u>\$36,701</u>
Allocation of reserve funds:		
Equipment reserve fund	\$ 3,037	\$ 2,806
Special reserve funds	25,092	28,646
Sinking funds equity	6,092	5,187
Tax sale surplus	27	62
	<u>\$34,248</u>	<u>\$36,701</u>

In approving the Capital Budget, Council has authorized future expenditures from Special Reserve Funds which have not yet been expended or recorded in the accounts. In addition, requests contained in the proposed 1986 budget will also require future expenditures. These authorized and requested expenditures are as follows:

	<u>1985</u>	<u>1984</u>
	(in thousands of dollars)	
Pollution Control	\$13,751	\$13,839
Sale of Capital Assets	8,370	2,350
Sewer Rehabilitation	<u>425</u>	<u>460</u>
	<u>\$22,546</u>	<u>\$16,649</u>

10. Investment in capital assets

	<u>1985</u>	<u>1984</u>
	(in thousands of dollars)	
Balance, beginning of year	<u>\$269,273</u>	<u>\$246,342</u>
Add:		
Appropriated from operations	5,165	2,782
Debentures redeemed from operating funds	7,455	5,296
Assets acquired through reserves	7,649	8,229
Assets acquired through revenue fund of -		
Halifax Forum Commission	104	5
City of Halifax	80	-
Assets acquired through shared costs -		
Federal government	-	905
Provincial government	6,277	8,351
Other assistance and recoveries	89	288
Gain on disposal of property	100	-
Receivable - Abbie J. Lane Memorial Hospital	<u>364</u>	<u>-</u>
	<u>27,283</u>	<u>2,925</u>
Deduct:		
Transfer to capital surplus reserve	1,068	1,903
Disposal of City land	<u>102</u>	<u>1,022</u>
	<u>1,170</u>	<u>2,925</u>
Balance, end of year	<u>\$295,386</u>	<u>\$269,273</u>

11. Surplus

	<u>1985</u>	<u>1984</u>
	(in thousands of dollars)	
Balance, beginning of year	\$5,347	\$4,697
Excess of revenue over expenditures	566	4,016
Adjustment of prior year's property taxes	73	-
	<u>5,986</u>	<u>8,713</u>
Transfer to revenue	<u>2,700</u>	<u>3,366</u>
Balance, end of year	<u>\$3,286</u>	<u>\$5,347</u>
Allocation of surplus:		
Restricted to -		
Winter control	\$ 300	\$ 228
Street opening	95	82
Public Service Commission of Halifax	2,625	1,865
Appropriated for following years revenue	-	2,700
Unrestricted	<u>266</u>	<u>472</u>
	<u>\$3,286</u>	<u>\$5,347</u>

In 1985 Council approved the appropriation of \$2,700,000 (1984 - \$3,366,000) of the opening surplus to current revenue.

12. Commitments

The lease for office premises of the City located at Scotia Square, Halifax expires on February 28, 1990, with an annual base rent of \$201,600 excluding common area charges and escalation clause adjustments.

13. Contingent liabilities

Metropolitan Authority of Halifax, Dartmouth and the Municipality of the County of Halifax (Metropolitan Authority) -

The City has guaranteed repayment of the interest and principal arising from the various debenture issues of the Metropolitan Authority. The City of Dartmouth and the County of Halifax have also guaranteed the various issues. At December 31, 1985, the outstanding debt principal totalled \$10,153,127 (1984 - \$5,492,298).

14. Superannuation fund

The most recent actuarial report of the Superannuation Fund has determined the unfunded liability for current and past service costs to be approximately \$6,259,160 at December 31, 1984. Of this amount, \$4,708,814 arose as a result of approved plan improvements and is committed to be funded by the City through matching payroll contributions, whereby the City matches employee contributions determined to be approximately 6.25% of covered payroll costs. The remaining balance of \$1,550,346 is being funded by the City through special payments of \$306,492 annually.

A summary of the total assets in the Fund follows:

	<u>1985</u>	<u>1984</u>
	(in thousands of dollars)	
Cost	<u>\$100,980</u>	<u>\$85,297</u>
Market value	<u>\$122,111</u>	<u>\$93,740</u>

15. Retirement allowances - Halifax District School Board

Retiring teachers employed by the Halifax District School Board are entitled to an allowance upon retirement under a contract between the Nova Scotia Teachers' Union local and the Board. The contract prescribes the formula used in calculating the payment as well as the period over which the payment is made.

The Board has been evaluating what current and future funding is required to meet the past and current service obligations for the retirement allowance pursuant to the contract. Although specific funding requirements have not been determined, the Board has estimated that the unfunded obligation for past service, ignoring present value considerations, will be approximately \$8,000,000 (unaudited). This unfunded obligation represents the amount which would have to be paid today if all teachers who are entitled to retirement allowances were to presently retire. The funding of, and accounting for, the unfunded liability by the Board will be finalized once the evaluation and analysis is completed.

In addition, it is estimated that the obligation for retirement allowances will increase in the future due to the increasing average age of the teacher population.

16. Comparative figures

The presentation of certain accounts of the previous year have been changed to conform with the presentation adopted for the current year.

CITY OF HALIFAX
FINANCIAL STATEMENTS
DECEMBER 31, 1985

CITY OF HALIFAX
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DECEMBER 31, 1985

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A MEMBER OF ARTHUR YOUNG INTERNATIONAL

1.

Clarkson Gordon

Chartered Accountants
12th Floor, Purdy's Wharf
1959 Upper Water Street
Halifax, N.S., Canada B3J 3N2
Telephone: (902) 420-1080
Telex: 019-22789

AUDITORS' REPORT

To His Worship the Mayor
and Members of Council
of the City of Halifax:

We have examined the balance sheets of the City of Halifax as at December 31, 1985 and the statements of revenue, expenditure and surplus, equity in capital assets and capital financing for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the City as at December 31, 1985 and the results of its operations and the changes in the financial position of its capital fund for the year then ended in accordance with accounting principles prescribed for Nova Scotia municipalities by the Department of Municipal Affairs applied on a basis consistent with that of the preceding year.

Clarkson Gordon

Chartered Accountants,
Registered Municipal Auditors

Halifax, Canada
April 4, 1986



CITY OF HALIFAX

REVENUE FUND

STATEMENT OF REVENUE, EXPENDITURE AND SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 1985
(in thousands of dollars)

	Schedule	1985 Actual	(Unaudited) 1985 Budget	1984 Actual
Revenue:				
Taxes	1	\$ 88,500	\$ 87,752	\$ 81,839
Grants in lieu of taxes	1	10,908	11,141	10,524
Sales and services	1	1,321	1,278	1,109
Other revenue from own sources	2	14,600	12,912	13,985
Unconditional transfers from Provincial Government	2	2,754	4,731	4,549
Conditional transfers from Provincial Government	2	19,295	19,273	17,185
Transfers from reserves and surplus	3	5,901	5,962	4,718
		<u>143,279</u>	<u>143,049</u>	<u>133,909</u>
Expenditure:				
General government	4	8,358	11,845	7,881
Protection	4	27,901	27,736	26,478
Transportation	4	12,026	11,553	10,941
Environmental health	5	3,468	3,596	3,184
Public health and welfare	5	19,397	19,316	18,105
Environmental development	5	2,457	2,430	2,290
Recreation and cultural services	6	8,280	8,363	8,053
Education and fiscal services	6	38,124	36,778	34,823
Transfer to reserves and debt service costs	6	22,681	21,172	18,534
Provision for uncollected taxes and receivables		708	260	316
		<u>143,400</u>	<u>143,049</u>	<u>130,605</u>
Excess (deficiency) of revenue over expenditure		(121)	\$ -	3,304
Surplus, beginning of year		<u>3,482</u>		<u>3,544</u>
		3,361		6,848
Appropriation to current revenue	3	<u>2,700</u>	\$ <u>2,700</u>	<u>3,366</u>
Surplus, end of year (note 4)		\$ <u>661</u>		\$ <u>3,482</u>

See accompanying notes

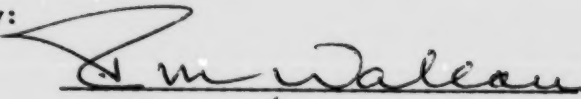
CITY OF HALIFAXREVENUE FUNDBALANCE SHEETDECEMBER 31, 1985

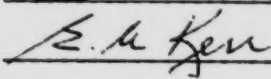
(in thousands of dollars)

ASSETS

	<u>1985</u>	<u>1984</u>
Short term investments (at cost):		
Held for revenue fund purposes (Schedule 7)	\$15,061	\$13,045
Held for capital fund purposes (Schedule 7)	<u>2,560</u>	<u>1,600</u>
	<u>17,621</u>	<u>14,645</u>
Receivables:		
Taxes (Schedule 8)	4,283	4,107
Federal and Provincial Governments (Schedule 9)	3,052	3,295
Other (Schedule 9)	4,486	4,703
Local improvements (note 2)	<u>1,324</u>	<u>1,615</u>
	<u>13,145</u>	<u>13,720</u>
Deferred charge	<u>234</u>	<u>222</u>
Tangible assets:		
Inventory of supplies, at cost	484	544
Property acquired for taxes, at cost	<u>172</u>	<u>172</u>
	<u>656</u>	<u>716</u>
	<u>\$31,656</u>	<u>\$29,303</u>

On behalf of the City:

 Mayor

 ACTING City Clerk

See accompanying notes

CITY OF HALIFAXREVENUE FUNDBALANCE SHEET

DECEMBER 31, 1985
(in thousands of dollars)

LIABILITIES AND EQUITY

	<u>1985</u>	<u>1984</u>
Short term borrowings:		
Bank indebtedness	\$ <u>5,310</u>	\$ <u>4,076</u>
Payables:		
Trade accounts and outstanding commitments	11,185	7,921
Related Commissions and Authorities	572	847
Advances from capital fund	<u>3,367</u>	<u>1,065</u>
	<u>15,124</u>	<u>9,833</u>
Deferred revenue:		
Prepayment of taxes	206	310
Local improvements	1,594	2,001
Provincial grants received in advance	730	1,507
Other	<u>946</u>	<u>364</u>
	<u>3,476</u>	<u>4,182</u>
Asset valuation allowances (note 3):		
For uncollected taxes and assessment appeals	6,364	7,391
For doubtful receivables	594	176
For local improvements	<u>100</u>	<u>101</u>
	<u>7,058</u>	<u>7,668</u>
Tax sale surplus	<u>27</u>	<u>62</u>
Equity:		
Surplus (note 4)	<u>661</u>	<u>3,482</u>
	<u>\$31,656</u>	<u>\$29,303</u>

See accompanying notes

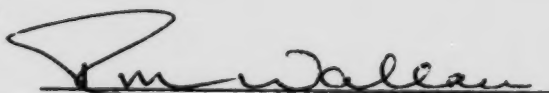
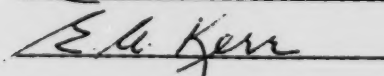
CITY OF HALIFAXCAPITAL FUNDBALANCE SHEET

DECEMBER 31, 1985
(in thousands of dollars)

ASSETS

	<u>1985</u>	<u>1984</u>
Advances to revenue fund	\$ 3,367	\$ 1,065
Receivable under Agreement of Sale (note 5)	1,600	1,600
Receivable from Province of Nova Scotia	380	1,001
Property and equipment (note 6)	287,964	270,939
Unamortized deferred charges	<u>976</u>	<u>1,084</u>
	<u>\$294,287</u>	<u>\$275,689</u>

On behalf of the City:

 Mayor ACTING City Clerk

See accompanying notes

CITY OF HALIFAXCAPITAL FUNDBALANCE SHEET

DECEMBER 31, 1985
(in thousands of dollars)

LIABILITIES AND EQUITY

	<u>1985</u>	<u>1984</u>
Current:		
Trade accounts and contractors' holdbacks	\$ 2,543	\$ 2,269
Long term debt payable within one year (Schedules 10 and 11)	<u>3,972</u>	<u>7,698</u>
	<u>6,515</u>	<u>9,967</u>
Long term:		
County of Halifax (Schedule 10)	2,047	2,264
Debenture debt (Schedules 11 and 12)	44,484	47,618
Debenture debt applicable to Abbie J. Lane Memorial Hospital	<u>380</u>	<u>1,001</u>
	<u>46,911</u>	<u>50,883</u>
Provincial Capital Grant received in advance	<u>960</u>	<u>-</u>
Valuation allowance	<u>1,600</u>	<u>1,600</u>
Equity:		
Equity in capital assets	<u>238,301</u>	<u>213,239</u>
	<u>\$294,287</u>	<u>\$275,689</u>

See accompanying notes

CITY OF HALIFAXCAPITAL FUNDEQUITY IN CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 1985
 (in thousands of dollars)

	<u>1985</u>	<u>1984</u>
Balance, beginning of year	<u>\$213,239</u>	<u>\$191,203</u>
Add:		
Debentures redeemed from revenue funds	6,622	4,482
Assets acquired through shared costs -		
Federal Government	-	905
Provincial Government	6,277	8,351
Revenue fund appropriation	5,165	2,782
Special reserve fund appropriation	1,903	905
Assets acquired through reserves	5,746	6,440
Assets acquired through reserves of prior years	-	884
Receivable Abbie J. Lane Memorial Hospital	364	-
Assets acquired through revenue fund of -		
Halifax Forum Commission	15	5
City of Halifax	80	-
Other assistance and recoveries	60	207
	<u>26,232</u>	<u>24,961</u>
Deduct:		
Transfer to capital surplus reserve	1,068	1,903
Disposal of City land	102	1,022
	<u>1,170</u>	<u>2,925</u>
Balance, end of year	<u>\$238,301</u>	<u>\$213,239</u>

See accompanying notes

CITY OF HALIFAXCAPITAL FUNDSTATEMENT OF CAPITAL FINANCING

FOR THE YEAR ENDED DECEMBER 31, 1985
 (in thousands of dollars)

	<u>1985</u>	<u>1984</u>
Source of funds:		
Increase in capital grant received in advance	\$ 960	\$ -
Proceeds from disposal of City land	102	1,022
Assets acquired through revenue fund of -		
Halifax Forum Commission	15	5
City of Halifax	80	-
Capital funding revenue -		
Provincial grants	6,277	8,351
Federal grants	-	905
Reserve fund withdrawals	7,649	8,229
Revenue fund appropriations	11,787	7,264
Other assistance and recoveries	60	207
Payments from Province of Nova Scotia to retire Abbie J. Lane Memorial Hospital debentures	985	174
Reduction in deferred charges	108	120
	<u>28,023</u>	<u>26,277</u>
Application of funds:		
Reduction in capital grant received in advance	-	1,133
Repayment of debenture debt	7,698	4,748
Purchase and construction of assets	17,127	18,341
Transfer to special reserve fund	1,170	2,925
	<u>25,995</u>	<u>27,147</u>
Increase (decrease) in funds	2,028	(870)
Funds, beginning of year	<u>(1,204)</u>	<u>(334)</u>
Funds, end of year	\$ <u>824</u>	\$ <u>(1,204)</u>
Funds consist of:		
Advances to revenue fund	\$ 3,367	\$ 1,065
Trade accounts and contractors' holdbacks	<u>(2,543)</u>	<u>(2,269)</u>
	\$ <u>824</u>	\$ <u>(1,204)</u>

See accompanying notes

CITY OF HALIFAXSINKING FUNDS BALANCE SHEET
(Administered by City of Halifax)DECEMBER 31, 1985
(in thousands of dollars)

	<u>1985</u>	<u>1984</u>
<u>ASSETS</u>		
Cash	\$ 86	\$ 145
Investments, at cost (market value \$5,006,961, 1984 - \$4,913,877)	4,557	4,724
Accrued interest	<u>127</u>	<u>138</u>
	<u>\$4,770</u>	<u>\$5,007</u>
<u>LIABILITIES AND FUND EQUITY</u>		
Payable to City of Halifax revenue fund	\$ -	\$ 707
Equity (note 12):		
Balance, beginning of year	4,300	3,866
Income	529	507
Transfer to City of Halifax revenue fund	(59)	(73)
Balance, end of year	<u>4,770</u>	<u>4,300</u>
	<u>\$4,770</u>	<u>\$5,007</u>

See accompanying notes

CITY OF HALIFAXSINKING FUND BALANCE SHEET

(Administered by Nova Scotia Municipal Finance Corporation)

DECEMBER 31, 1985

(in thousands of dollars)

	<u>1985</u>	<u>1984</u>
<u>ASSETS</u>		
Funds on deposit with Nova Scotia Municipal Finance Corporation	<u>\$1,146</u>	<u>\$708</u>
<u>EQUITY</u>		
Balance, beginning of year	\$ 708	\$331
Provision from revenue fund per agreement with Nova Scotia Municipal Finance Corporation (note 12)	310	310
Interest earned	<u>128</u>	<u>67</u>
Balance, end of year	<u>\$1,146</u>	<u>\$708</u>

See accompanying notes

CITY OF HALIFAX

11.

SPECIAL RESERVE FUNDS BALANCE SHEET

DECEMBER 31, 1985
(in thousands of dollars)

ASSETS	Recreational Facilities	Pollution Control	Heritage	Social Rehabilitation	Design & Engineering	Self Insurance	Municipal Incentive	Sale of Capital Assets	Capital Surplus	Sewer Rehabilitation	Future Capital Expenditures	1985	1984
Short term investments (Schedule 7)	\$403	\$14,574	\$241	\$538	\$174	\$51	\$116	\$6,458	\$1,119	\$1,410	\$8	\$25,092	\$28,549
Due from Province of Nova Scotia	-	-	-	-	-	-	-	-	-	-	-	-	97
	\$403	\$14,574	\$241	\$538	\$174	\$51	\$116	\$6,458	\$1,119	\$1,410	\$8	\$25,092	\$28,646
RESERVES													
Balance, beginning of year	\$237	\$13,495	\$233	\$441	\$102	\$43	\$105	\$9,459	\$3,885	\$ 646	\$-	\$25,646	\$28,508
Add (deduct):													
Levies	-	2,076	-	-	-	-	-	-	-	711	-	2,787	2,921
Transfer from tax sale surplus	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	140	-	-	-	-	-	-	-	13	-	-	13	35
Interest earned	26	1,225	22	41	10	4	11	835	-	-	8	983	38
Appropriation from revenue fund	-	-	-	-	-	-	-	814	4	57	-	2,214	2,746
Sale of City assets	-	-	2	60	62	4	-	21	-	-	-	-	-
Transfer from capital fund	-	-	-	-	-	-	-	102	-	-	-	149	272
Assets acquired	-	-	-	-	-	-	-	-	-	-	-	102	1,022
Expenditures	-	(969)	-	-	-	-	-	-	1,068	-	-	1,068	1,903
Transfer to revenue fund	-	-	(16)	(4)	-	-	-	(4,773)	-	(4)	-	(5,746)	(6,440)
Transfer to capital fund	-	(1,253)	-	-	-	-	-	-	-	-	-	(20)	(102)
Transfer to capital fund	-	-	-	-	-	-	-	-	(1,948)	-	-	(3,201)	(1,352)
Balance, end of year	\$403	\$14,574	\$241	\$538	\$174	\$51	\$116	\$6,458	\$1,119	\$1,410	\$8	\$25,092	\$28,646
Allocation of reserves (note 11):													
Total reserves	\$403	\$14,574	\$241	\$538	\$174	\$51	\$116	\$6,458	\$1,119	\$1,410	\$8	\$25,092	\$28,646
Appropriated Proposed 1986 budget expenditures	-	11,556	-	-	-	-	-	5,870	-	-	-	17,426	16,649
	-	2,195	-	-	-	-	-	2,500	-	425	-	5,120	-
	-	13,751	-	-	-	-	-	8,370	-	425	-	22,546	16,649
Unappropriated	\$403	\$ 823	\$241	\$538	\$174	\$51	\$116	\$(1,912)	\$1,119	\$ 985	\$8	\$ 2,346	\$11,997
On behalf of the City:													

Mayor

City Clerk

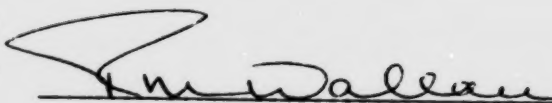
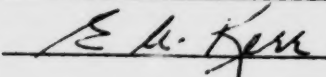
See accompanying notes

CITY OF HALIFAXEQUIPMENT RESERVE FUND BALANCE SHEET

DECEMBER 31, 1985
(in thousands of dollars)

	<u>1985</u>	<u>1984</u>
<u>ASSETS</u>		
Short term investments (Schedule 7)	<u>\$3,037</u>	<u>\$2,806</u>
<u>RESERVES</u>		
Balance, beginning of year	\$2,806	\$1,929
Interest earned	333	355
Appropriation from revenue fund	1,717	1,540
Sale of surplus equipment	12	-
	<u>4,868</u>	<u>3,824</u>
Purchase of equipment	<u>1,831</u>	<u>1,018</u>
Balance, end of year	<u>\$3,037</u>	<u>\$2,806</u>

On behalf of the City:

 Mayor
 ACTING City Clerk

See accompanying notes

CITY OF HALIFAXNOTES TO FINANCIAL STATEMENTSDECEMBER 31, 19851. Significant accounting policies

The financial statements of the City have been prepared in accordance with accounting principles prescribed for Nova Scotia municipalities by the Department of Municipal Affairs, the more significant of which are as follows.

a) Revenue recognition -

Major sources of revenue are recorded on an accrual basis. Certain other sources of revenue, including interest on past due taxes, are recorded on a cash basis. Deferred revenue relating to local improvement billings is recognized on a straight line basis over 10 years.

b) Expenditure recognition -

1) Revenue Fund - The City accrues outstanding purchase orders at the balance sheet date and unspent appropriations for special projects scheduled for completion. The financial statements include expenditures of approximately \$1,112,000 (1984 - \$905,000) in respect of this policy. The future liability for this amount is included in trade accounts and outstanding commitments on the balance sheet.

11) Capital Fund - The City accrues expenditures on capital contracts only to the extent for work which has been completed at the balance sheet date. At December 31, 1985, contracts outstanding totalled approximately \$6,842,000 (1984 - \$5,040,000) for which work has not been completed and for which no provision has been made in the accounts.

111) Interest on debenture debt is not accrued at year end, but is recorded as an expenditure when paid. No interest payments were in arrears at December 31, 1985.

c) Property and equipment -

1) Capital assets and capital projects in progress are recorded at cost. Funds received through capital assistance grant programs, cost sharing arrangements or loan forgiveness, with the exception of funds received under partnership arrangements, are treated as additions to equity in capital assets.

11) Proceeds received on the sale of City owned capital property and equipment are credited to the book value of land, property and equipment in the Capital Fund. The proceeds are transferred to the Sale of Capital Assets Reserve on the Special Reserve Fund balance sheet.

111) The City does not record depreciation on buildings, engineering structures, machinery and equipment or other property and equipment.

d) Unamortized deferred charges -

1) Interest paid on advances during construction to Canada Mortgage and Housing Corporation and the Department of Regional Industrial Expansion is recorded as a deferred charge in the Capital Fund and is amortized to Capital Fund equity on a straight line basis over 20 years.

11) Discounts prior to 1982 on debenture issues are amortized to Revenue Fund expenditure on a straight line basis over 5 years. Discounts on issues in 1982 and subsequent years are expensed in the year of issue.

e) Asset valuation allowances -

The City provides an allowance for all uncollected taxes. In addition, the City provides for all receivables greater than one year old, any other doubtful receivables and estimated losses on unresolved assessment appeals.

2. Local improvements

Local improvements are billed for collection over terms of 10 or 20 years but are frequently paid earlier.

3. Asset valuation allowances

Following is the continuity of asset valuation allowances (in thousands of dollars):

	1985				1984
	Uncollected Taxes and Assessment Appeals	Doubtful Receivables	Local Improvements	Total	Total
Balance, beginning of year	\$7,391	\$176	\$101	\$7,668	\$7,058
Uncollectible receivables written off and assessment appeals resolved	(1,306)	(11)	(1)	(1,318)	294
Provision for the year	<u>279</u>	<u>429</u>	<u>-</u>	<u>708</u>	<u>316</u>
Balance, end of year	<u>\$6,364</u>	<u>\$594</u>	<u>\$100</u>	<u>\$7,058</u>	<u>\$7,668</u>

4. Allocation of surplus

	1985 (in thousands of dollars)	1984 (in thousands of dollars)
Restricted to:		
Winter control	\$ 300	\$ 228
Street opening	95	82
Appropriated for following year's revenue	-	2,700
Unrestricted	<u>266</u>	<u>472</u>
	<u>\$ 661</u>	<u>\$3,482</u>

5. Receivable under Agreement of Sale

During 1977, the City entered into a development agreement with a private corporation for development and sale of lands located off Quinpool Road which were purchased by the City in 1975. The City has received all payments required under this agreement to date. A final non-interest bearing instalment payment under the agreement in the amount of \$1,600,000 may be extended at the option of the developer to 1997, at which time title to all remaining phases will pass to the developer. A valuation allowance has been recorded for the full amount of this receivable.

6. Property and equipment

	<u>1985</u>	<u>1984</u>
	(in thousands of dollars)	
Land	\$ 15,468	\$ 14,480
Buildings	81,012	76,517
Engineering structures	155,872	145,583
Machinery and equipment	7,394	7,346
Other	<u>28,218</u>	<u>27,013</u>
	<u>\$287,964</u>	<u>\$270,939</u>

7. Debentures repayable in U.S. funds

Included in debenture debt is an amount of \$6,860,000 (1984 - \$7,197,000) repayable in United States dollars which is carried in the accounts at par, which approximates the Canadian dollar value at the date of issue. The Canadian dollar equivalent of this debt translated at the exchange rate prevailing on December 31, 1985, amounted to \$9,625,266 (1984 - \$9,505,797). Any gain or loss on exchange is recognized at the time of redemption.

8. Commitments

The lease for office premises of the City located at Scotia Square, Halifax expires on February 28, 1990, with an annual base rent of \$201,600 excluding common area charges and escalation clause adjustments.

9. Contingent liabilities

Metropolitan Authority of Halifax, Dartmouth and the Municipality of the County of Halifax (Metropolitan Authority) -

The City has guaranteed repayment of the interest and principal arising from the various debenture issues of the Metropolitan Authority. The City of Dartmouth and the County of Halifax have also guaranteed the various issues. At December 31, 1985, the outstanding debt principal aggregated \$10,153,127 (1984 - \$5,492,298).

10. Superannuation Fund

The most recent actuarial report of the Superannuation Fund has determined the unfunded liability for current and past service costs to be approximately \$6,259,160 at December 31, 1984. Of this amount, \$4,708,814 arose as a result of approved fund improvements and is committed to be funded by the City through matching payroll contributions, whereby the City matches employee contributions determined to be approximately 6.25% of covered payroll costs. The remaining balance of \$1,550,346 is being funded by the City through special payments of \$306,492 annually.

A summary of the total assets in the fund follows:

	<u>1985</u>	<u>1984</u>
	(in thousands of dollars)	
Cost	<u>\$100,980</u>	<u>\$85,297</u>
Market value	<u>\$122,111</u>	<u>\$93,740</u>

11. Allocation of special reserves

In approving the capital budget, Council has authorized future expenditures from Special Reserve Funds which have not yet been expended or recorded in the accounts. In addition, requests contained in the proposed 1986 budget will also require future expenditures.

12. Sinking Funds

Administered by the City of Halifax -

Sinking funds administered by the City of Halifax relate to \$7,672,000 of long-term debt of the Capital Fund.

The equity in the Sinking Funds consists of the following:

	<u>1985</u>	<u>1984</u>
	(in thousands of dollars)	
Reserve for future redemption	\$4,095	\$3,979
Appropriated	<u>675</u>	<u>321</u>
Equity	<u>\$4,770</u>	<u>\$4,300</u>

The portion reflected as a reserve for future redemption is calculated by determining the present value of future sinking fund debt repayments using a discount rate of 9% as prescribed by the trustees of the Sinking Funds. The appropriated equity represents the value of assets at December 31, in excess of the reserve for future redemption and is designated to be used for capital purposes. Based upon the assets held by the Sinking Funds and the prescribed discount rate of 9% no future payments are required to be made to the Sinking Funds by the City.

The reserve for future redemption of the prior year has been restated, using the above discount rate of 9%, to more accurately reflect the amount required to repay the Sinking Fund debt when it becomes due.

Administered by the Nova Scotia Municipal Finance Corporation -

The Sinking Fund administered by the Nova Scotia Municipal Finance Corporation relates to \$5,166,000 of long-term debt of the Capital Fund. The City is presently required to make annual payments to the Sinking Fund of \$309,960 until 1992 at which time the debt matures.

13. Miscellaneous trust funds

Miscellaneous trust funds administered by the City are reported on separately and the financial statements are included in the annual report to City Council. The total trust assets under administration at December 31, 1985 are \$2,143,273 (1984 - \$1,985,144).

14. Contributions to Boards and Commissions

The City makes contributions to various Boards and Commissions based upon their relationship with the City. Set out below is information related to the more significant of these contributions:

- a) The Halifax Forum Commission, Halifax Metro Centre and Halifax Regional Library -

The City is required to finance the operating deficit, if any, of the Halifax Forum Commission, Halifax Metro Centre and Halifax Regional Library out of its current operations.

- b) The Metropolitan Authority of Halifax, Dartmouth and the Municipality of the County of Halifax - financed approximately 48% by the City of Halifax -

The City of Halifax is required to participate in the financing of the Metropolitan Authority based on relative assessment and actual services provided. In addition to budgeted

contributions, the participants are required to share in the deficits or surpluses of the Metropolitan Authority, based on their sharing percentages. During 1985, the total cost to the City was \$7,125,000 (1984 - \$6,972,000).

c) The Halifax Housing Authority -

The City of Halifax shares in the operating costs of the Authority to the extent of 12 1/2% of net operating costs on all projects except for the Bayers Road project which is at 25%.

d) The Halifax District School Board - financed approximately 44% by the City of Halifax -

The City is required to provide a mandatory contribution for specified educational courses and may elect to provide funds for discretionary courses. In addition, any excess over the budgeted expenditures may, subject to agreement, be funded by the City.

15. Retirement allowances - Halifax District School Board

Retiring teachers employed by the Halifax District School Board are entitled to an allowance upon retirement under a contract between the Nova Scotia Teachers' Union local and the Board. The contract prescribes the formula used in calculating the payment as well as the period over which the payment is made.

The Board has been evaluating what current and future funding is required to meet the past and current service obligations for the retirement allowance pursuant to the contract. Although specific funding requirements have not been determined, the Board has estimated that the unfunded obligation for past service, ignoring present value considerations, will be approximately \$8,000,000 (unaudited). This unfunded obligation represents the amount which would have to be paid today if all teachers who are entitled to retirement allowances were to presently retire. The funding of, and accounting for, the unfunded liability by the Board will be finalized once the evaluation and analysis is completed.

In addition, it is estimated that the obligation for retirement allowances will increase in the future due to the increasing average age of the teacher population.

16. Comparative figures

The presentation of certain accounts of the previous year have been changed to conform with the presentation adopted for the current year.

SCHEDULE 1CITY OF HALIFAXREVENUE DETAIL

FOR THE YEAR ENDED DECEMBER 31, 1985
 (in thousands of dollars)

	1985	(Unaudited) 1985 Budget	1984
Taxes:			
Real property tax	\$68,832	\$68,215	\$63,997
Business occupancy tax	13,314	13,202	12,138
Provincial property	2,012	2,032	2,287
Fire protection	2,336	2,311	2,574
Tex-Park	18	25	18
Ferry Commission	-	-	5
Deed transfer tax	2,833	2,230	2,374
Special assessment frontage rates	441	435	369
Maritime Telegraph and Telephone Company, Limited	1,170	1,181	1,125
Cerescorp Inc.	590	550	757
Halterm	293	221	192
Sewer rehabilitation levy	711	-	758
Less -			
Transfer to Special Reserve Fund Sewer Rehabilitation	(711)	-	(758)
Tax Concessions	(2,184)	(2,150)	(1,966)
Assessment Appeal Court tax reductions	(1,155)	(500)	(2,031)
	<u>\$88,500</u>	<u>\$87,752</u>	<u>\$81,839</u>
Grants in lieu of taxes:			
Federal Government	\$ 6,682	\$ 6,803	\$ 6,292
Canadian Broadcasting Corporation	167	167	173
Canadian National Railways	1,413	1,438	1,385
Halifax Port Corporation	942	1,004	958
Nova Scotia Liquor Commission	196	216	208
Worker's Compensation Board	112	113	108
Nova Scotia Power Corporation	1,392	1,394	1,394
Consulates	4	6	6
	<u>\$10,908</u>	<u>\$11,141</u>	<u>\$10,524</u>
Sales and services:			
Parking lots	\$ 425	\$ 378	\$ 381
Parking meters	896	900	728
	<u>\$ 1,321</u>	<u>\$ 1,278</u>	<u>\$ 1,109</u>

See accompanying notes

SCHEDULE 2CITY OF HALIFAXREVENUE DETAIL

FOR THE YEAR ENDED DECEMBER 31, 1985
(in thousands of dollars)

		(Unaudited) 1985 Budget	1984
	1985		
Other revenue from own sources:			
Licenses and permits	\$ 846	\$ 623	\$ 802
Fines	2,192	2,176	2,120
Interest on short term loans and investments	7,198	6,375	7,085
Interest on taxes and local improvements	993	950	921
Rentals	599	564	582
Public housing amortization	104	104	104
Recreational programs	692	552	600
Social assistance recoveries	800	450	742
Outside services	434	377	381
Miscellaneous	742	741	648
	<u>\$14,600</u>	<u>\$12,912</u>	<u>\$13,985</u>
Unconditional transfers from Provincial Government:			
Snow and ice control	\$ 166	\$ 164	\$ 158
General purpose	2,588	4,567	4,391
	<u>\$ 2,754</u>	<u>\$ 4,731</u>	<u>\$ 4,549</u>
Conditional transfers from Provincial Government:			
Magistrate Court costs	\$ 34	\$ 36	\$ 34
Street maintenance	142	193	220
Social Welfare administration	1,903	1,822	1,940
Social Welfare assistance	10,520	10,646	9,633
Vital statistics registration	15	15	15
Regional library	555	574	505
Capital debt assistance	4,205	4,116	3,364
Tourist Bureau	19	16	20
Recreation	45	45	45
Dutch Elm disease	2	-	2
Municipal services	65	50	17
Planning department	49	49	49
Miscellaneous	11	-	400
Capital debt reimbursement - Abbie J. Lane Memorial Hospital	1,082	1,082	336
Transit deadhead mileage	629	629	605
Energy management assistance	19	-	-
	<u>\$19,295</u>	<u>\$19,273</u>	<u>\$17,185</u>

See accompanying notes

SCHEDULE 3CITY OF HALIFAXREVENUE DETAIL

FOR THE YEAR ENDED DECEMBER 31, 1985
(in thousands of dollars)

	<u>1985</u>	(Unaudited) 1985 <u>Budget</u>	<u>1984</u>
Transfers from reserves and surplus:			
Pollution control	\$1,253	\$1,313	\$1,352
Appropriation from prior years'			
surplus	2,700	2,700	3,366
Water assets	<u>1,948</u>	<u>1,949</u>	<u>-</u>
	<u>\$5,901</u>	<u>\$5,962</u>	<u>\$4,718</u>

See accompanying notes

SCHEDULE 4CITY OF HALIFAXEXPENDITURE DETAIL

FOR THE YEAR ENDED DECEMBER 31, 1985
(in thousands of dollars)

	1985	(Unaudited) 1985 Budget	1984
General government:			
Mayor and Aldermen	\$ 464	\$ 482	\$ 425
City Manager's Department	215	233	222
City Clerk's Department	346	350	319
Finance and Accounting Department	2,978	2,922	2,665
Solicitor's Department	380	389	405
Employee Relations Department	483	439	427
City Auditor General	262	264	213
Insurance and claims	243	196	150
Grants to organizations and individuals	270	675	270
Past service pension funding and expenses	646	584	535
Office expenses	738	772	663
Energy management	103	123	78
Other general services	<u>1,230</u>	<u>4,416</u>	<u>1,509</u>
	<u>\$ 8,358</u>	<u>\$11,845</u>	<u>\$ 7,881</u>
Protection:			
Police	\$13,923	\$13,873	\$12,985
Law enforcement	337	359	385
Corrections	1	20	12
Fire	12,848	12,692	12,333
Inspections	<u>792</u>	<u>792</u>	<u>763</u>
	<u>\$27,901</u>	<u>\$27,736</u>	<u>\$26,478</u>
Transportation:			
Administration	\$ 1,830	\$ 1,834	\$ 1,767
Engineering	2,337	2,365	2,190
Workshops, yards and others	763	753	671
Roads and streets	5,329	4,829	4,625
Street lighting	917	974	930
Traffic	642	707	667
Parking	62	67	58
General equipment	<u>146</u>	<u>24</u>	<u>33</u>
	<u>\$12,026</u>	<u>\$11,553</u>	<u>\$10,941</u>

See accompanying notes

SCHEDULE 5CITY OF HALIFAXEXPENDITURE DETAIL

FOR THE YEAR ENDED DECEMBER 31, 1985
(in thousands of dollars)

	1985	(Unaudited) 1985 Budget	1984
Environmental health:			
Sewage collection and pumping system	\$ 391	\$ 392	\$ 418
Sewage treatment and disposal	957	1,095	873
Garbage and waste collection and disposal	<u>2,120</u>	<u>2,109</u>	<u>1,893</u>
	<u>\$ 3,468</u>	<u>\$ 3,596</u>	<u>\$ 3,184</u>
Public health and welfare:			
Administration	\$ 88	\$ 131	\$ 115
Cemeteries	340	331	322
Hospital care	4	16	21
Social welfare -			
Administration	2,037	2,406	2,063
Assistance	6,786	6,153	5,898
Services	9,053	9,048	8,599
Other	814	956	812
Community rehabilitation program	<u>275</u>	<u>275</u>	<u>275</u>
	<u>\$19,397</u>	<u>\$19,316</u>	<u>\$18,105</u>
Environmental development:			
Planning Department	\$ 643	\$ 655	\$ 630
Development Department	1,118	1,073	1,061
Port and Industrial Commission	393	395	305
Tourism	<u>303</u>	<u>307</u>	<u>294</u>
	<u>\$ 2,457</u>	<u>\$ 2,430</u>	<u>\$ 2,290</u>

See accompanying notes

SCHEDULE 6CITY OF HALIFAXEXPENDITURE DETAIL

FOR THE YEAR ENDED DECEMBER 31, 1985
(in thousands of dollars)

		(Unaudited) 1985 Budget	1984
	1985		
Recreation and cultural services:			
Recreation	\$ 2,070	\$ 1,983	\$ 1,879
Swimming pool, beaches, marinas	437	451	435
Parks and playgrounds	3,313	3,432	3,102
Libraries	<u>2,460</u>	<u>2,497</u>	<u>2,637</u>
	<u>\$ 8,280</u>	<u>\$ 8,363</u>	<u>\$ 8,053</u>
Education and fiscal services:			
Halifax District School Board	\$29,541	\$28,263	\$26,635
Deficit of -			
Halifax Housing Authority	838	885	881
Halifax Metro Centre	340	299	170
Halifax Forum Commission	456	154	199
Contribution to World Trade Centre Limited	318	320	306
Per capita hospital tax	114	115	114
Courthouse commission	420	420	389
Joint expenditure board	235	381	366
Correctional services	2,021	2,105	2,288
Metropolitan Transit Commission	3,590	3,558	3,307
Other	<u>251</u>	<u>278</u>	<u>168</u>
	<u>\$38,124</u>	<u>\$36,778</u>	<u>\$34,823</u>
Transfer to reserves and debt servicing costs:			
Interest to reserve funds	\$ 2,542	\$ 3,666	\$ 3,067
Interest on short term borrowings	554	501	553
Interest on long term debt	6,231	6,191	6,769
Principal instalments and sinking fund requirements	7,793	7,793	4,782
Loan discount and expenses	17	17	29
County of Halifax debt charges	358	358	435
Transfer to Special Reserve Fund	21	21	117
Transfer to Capital Fund	<u>5,165</u>	<u>2,625</u>	<u>2,782</u>
	<u>\$22,681</u>	<u>\$21,172</u>	<u>\$18,534</u>

See accompanying notes

SCHEDULE 7CITY OF HALIFAXSHORT TERM INVESTMENTS

DECEMBER 31, 1985
(in thousands of dollars)

Bank of Nova Scotia, 12.20%, February 6, 1986	\$ 3,000
Bank of Nova Scotia, 8.62%, February 14, 1986	1,000
Bank of Nova Scotia, 8.78%, January 13, 1986	2,500
National Bank of Canada, 12.74%, March 4, 1986	2,000
National Bank of Canada, 9.28%, April 1, 1986	1,375
National Bank of Canada, 9.00%, February 3, 1986	1,370
Continental Bank of Canada, 12.77%, March 6, 1986	1,000
Barclay's Bank of Canada, 10.98%, May 1, 1986	3,000
Barclay's Bank of Canada, 9.47%, January 30, 1986	1,000
Barclay's Bank of Canada, 9.38%, February 14, 1986	1,000
Barclay's Bank of Canada, 8.75%, January 24, 1986	1,000
Citibank Canada, 9.98%, May 30, 1986	5,000
Royal Bank of Canada, 9.47%, January 15, 1986	4,000
Sanwa Bank of Canada, 9.40%, February 3, 1986	1,000
Bank of Montreal, 9.32%, January 3, 1986	3,000
Government of Canada, 9.90%, March 15, 1987	1,000
Bank of Paris, 8.86%, May 15, 1986	2,500
Credit Foncier, 8.80%, January 30, 1986	1,500
Credit Foncier, 8.80%, January 24, 1986	1,000
Bank of America, 9.16%, February 18, 1986	1,000
Bank of America, 9.03%, March 21, 1986	1,000
Canada Treasury Bills, 8.93%, June 6, 1986	1,500
Newfoundland Treasury Bills, 9.10%, March 13, 1986	1,500
Credit Lyonnais, 9.10%, April 15, 1986	2,000
Manufacturer's Hanover Bank of Canada, 9.40%, February 14, 1986	1,500
McLeod Young Weir Pool, 8.04%, Open	5
	<u>\$45,750</u>

Allocation Among Funds

Held for Revenue Fund purposes	\$15,061
Held for Capital Fund purposes	2,560
Held for Special Reserve Fund purposes	25,092
Held for Equipment Reserve Fund purposes	<u>3,037</u>
	<u>\$45,750</u>

See accompanying notes

SCHEDULE 8CITY OF HALIFAXANALYSIS OF TAXES RECEIVABLE

FOR THE YEAR ENDED DECEMBER 31, 1985
 (in thousands of dollars)

	<u>1985</u>	<u>1984</u>
Taxes receivable, beginning of year	\$ 4,107	\$ 5,364
Current year's tax levy	<u>84,058</u> <u>88,165</u>	<u>79,340</u> <u>84,704</u>
Tax Concessions	2,184	1,966
Assessment Appeal Court tax reductions	<u>2,106</u> <u>4,290</u>	<u>333</u> <u>2,299</u>
	83,875	82,405
Taxes written off	<u>223</u> 83,652	<u>71</u> 82,334
Collections and property acquired at tax sale	<u>79,369</u>	<u>78,227</u>
Taxes receivable, end of year	<u>\$ 4,283</u>	<u>\$ 4,107</u>
Taxes receivable by year:		
Current year	\$ 3,984	\$ 3,698
Prior years	<u>299</u>	<u>409</u>
	<u>\$ 4,283</u>	<u>\$ 4,107</u>

See accompanying notes

SCHEDULE 9CITY OF HALIFAXANALYSIS OF GOVERNMENT AND OTHER RECEIVABLES

DECEMBER 31, 1985
(in thousands of dollars)

	<u>1985</u>	<u>1984</u>
Federal and provincial governments:		
Federal government and agencies -		
Grant in lieu of taxes	\$ 327	\$ 363
Other	33	37
Provincial government and agencies -		
Conditional transfers	2,137	2,271
Other	<u>555</u>	<u>624</u>
	<u>\$3,052</u>	<u>\$3,295</u>
Other:		
City Boards and Commissions -		
Halifax Forum Commission	\$ 13	\$ 144
Halifax Metro Centre	840	488
Halifax Civic Hospital	109	109
Halifax District School Board	301	549
Halifax Housing Authority	13	11
Trustees of City of Halifax Sinking Fund	-	707
Trustees of City of Halifax		
Miscellaneous Trust Fund	156	153
Other municipal bodies -		
Halicon Limited	2	2
City of Dartmouth	1	1
Metropolitan Transit Commission	508	227
Metropolitan Authority of Halifax,		
Dartmouth and the County of		
Halifax	-	7
Captain W. Spry Community Centre	61	-
Joint Expenditure Board	66	-
Reserve receivables -		
Sewer redevelopment	300	239
Pollution control	322	282
Miscellaneous -		
Interest on investments	1,074	1,209
Private work	12	26
Rentals and commissions	212	191
Sundries	<u>496</u>	<u>358</u>
	<u>\$4,486</u>	<u>\$4,703</u>

See accompanying notes

SCHEDULE 10CITY OF HALIFAXDEBENTURE DEBT DUE TO THE COUNTY OF HALIFAX

DECEMBER 31, 1985
(in thousands of dollars)

<u>Year</u>	<u>Redemption Per Year</u>	
	<u>1985</u>	<u>1984</u>
1985	\$ -	\$ 215
1986	217	217
1987	150	150
1988	89	89
1989	90	90
1990	91	91
1991	93	93
1992	94	94
1993	95	95
1994	97	97
1995	93	93
1996	95	95
1997	97	97
1998	99	99
1999	101	101
2000	103	103
2001	105	105
2002	108	108
2003	110	110
2004	112	112
2005	103	103
2006	84	84
2007	38	38
	<u>2,264</u>	<u>2,479</u>
Less: Amount payable within one year	<u>217</u>	<u>215</u>
Long term portion	<u>\$2,047</u>	<u>\$2,264</u>

See accompanying notes

SCHEDULE 11CITY OF HALIFAXDEBENTURE DEBT

DECEMBER 31, 1985
(in thousands of dollars)

<u>Class</u>	<u>Outstanding December 31, 1984</u>	<u>Redeemed 1985</u>	<u>Outstanding December 31, 1985</u>
Permanent	\$ 3	\$ -	\$ 3
Sinking Fund (note 12)	12,838	-	12,838
Serial Debenture	<u>43,261</u>	<u>7,483</u>	<u>35,778</u>
	56,102	<u>\$7,483</u>	48,619
Deduct:			
Amount applicable to Abbie J. Lane Memorial Hospital	1,001		380
Amount payable within one year	<u>7,483</u>		<u>3,755</u>
Long term portion	<u>\$47,618</u>		<u>\$44,484</u>

See accompanying notes

SCHEDULE 12CITY OF HALIFAXANALYSIS OF DEBENTURE DEBT

DECEMBER 31, 1985
(in thousands of dollars)

<u>Debentures Outstanding By Interest Rate</u>		<u>Redemptions Per Year</u>	
5% Permanent Stock	\$ 3	1986	\$ 3,755
5 1/4% Serial Debentures	37	1987	3,674
5 3/8% Serial Debentures	40	1988	3,577
6% Serial Debentures	75	1989	3,469
6 1/4% Serial Debentures	200	1990	4,137
6 1/2% Serial Debentures	75	1991	7,129
7% Serial Debentures	200	1992	10,539
7.07% Serial Debentures	1,443	1993	4,244
7.14% Serial Debentures	129	1994	2,612
7.17% Serial Debentures	19	1995	1,923
7.33% Serial Debentures	591	1996	1,398
7.35% Serial Debentures	9	1997	900
7.38% Serial Debentures	966	1998	510
7.43% Serial Debentures	238	1999	500
7.50% Serial Debentures	2,397	2000	252
7.54% Serial Debentures	7		48,619
7.56% Serial Debentures	626		
7.72% Serial Debentures	463		
7.80% Serial Debentures	226		
7.83% Serial Debentures	574		
7 7/8% Serial Debentures	462		
8.06% Serial Debentures	50		
8.17% Serial Debentures	33		
8 1/4% Serial Debentures	447		
8.42% Serial Debentures	42		
9% Serial Debentures	300		
9 5/8% Serial Debentures	75		
10% Serial Debentures	1,000		
10 1/4% Serial Debentures	2,500		
11.15% Serial Debentures	105		
11 1/2% Serial Debentures	1,250		
11 3/4% Serial Debentures	1,250		
12% Serial Debentures	1,250		
12.22% Serial Debentures	140		
12.92% Serial Debentures	4,900		
15 3/4% Serial Debentures	5,249		
17 1/2% Serial Debentures	1,550		
8% Sinking Fund	1,500		
8 1/2% Sinking Fund	5,500		
9 3/4% Sinking Fund	672		
15 1/2% Sinking Fund	5,166		
<u>U.S. Funds Issue</u>			
8 5/8% Serial Debentures	3,099		
9 3/8% Serial Debentures	3,761		

Deduct:

Amount applicable
to Abbie J. Lane
Memorial Hospital 380
Amount payable
within one year 3,755

Long term portion \$44,484

\$48,619

See accompanying notes

MISCELLANEOUS TRUST FUNDS OF THE CITY OF HALIFAX

FINANCIAL STATEMENTS

DECEMBER 31, 1985



A MEMBER OF ARTHUR YOUNG INTERNATIONAL

1.

Clarkson Gordon

Chartered Accountants
12th Floor, Purdy's Wharf
1959 Upper Water Street
Halifax, N.S., Canada B3J 3N2
Telephone: (902) 420-1080
Telex: 019-22789

AUDITORS' REPORT

To the Trustees of the Miscellaneous
Trust Funds of the City of Halifax:

We have examined the balance sheet of the Miscellaneous Trust Funds of the City of Halifax as at December 31, 1985 and the statement of income, expenditure and fund equity for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the funds as at December 31, 1985 and the results of their operations for the year then ended in accordance with the accounting principles described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Clarkson Gordon

Chartered Accountants,
Registered Municipal Auditors

Halifax, Canada
April 25, 1986

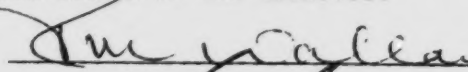
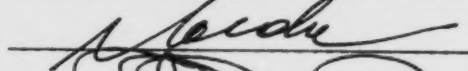
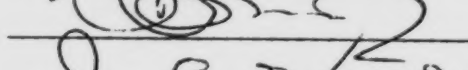
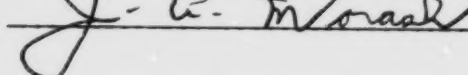
MISCELLANEOUS TRUST FUNDS OF THE CITY OF HALIFAXBALANCE SHEETDECEMBER 31, 1985

	<u>1985</u>	<u>1984</u>
<u>ASSETS</u>		
Cash (Schedule)	\$ 241,743	\$ 227,165
Investments (Schedule)	<u>1,901,530</u>	<u>1,757,979</u>
	<u>\$2,143,273</u>	<u>\$1,985,144</u>

LIABILITIES AND FUND EQUITY

Payable to City of Halifax - Cemeteries	\$ 155,864	\$ 154,607
Payable to Halifax Foundation	12,613	12,019
Fund equity	<u>1,974,796</u>	<u>1,818,518</u>
	<u>\$2,143,273</u>	<u>\$1,985,144</u>

On behalf of the Trustees:

 Trustee
 Trustee
 Trustee
 Trustee

See accompanying notes

MISCELLANEOUS TRUST FUNDS OF THE CITY OF HALIFAX
STATEMENT OF INCOME, EXPENDITURE AND FUND EQUITY
FOR THE YEAR ENDED DECEMBER 31, 1985

	<u>1985</u>	<u>1984</u>
Income:		
Investment income	\$ 180,119	\$ 178,055
Gain on disposal of investments	942	3,310
	<u>181,061</u>	<u>181,365</u>
Expenditure:		
Transfer to City of Halifax Revenue		
Fund for the maintenance of		
cemeteries	<u>155,864</u>	<u>154,607</u>
Excess of income over expenditure	25,197	26,758
Capital contributions received during		
year	131,081	27,275
Fund equity, beginning of year	<u>1,818,518</u>	<u>1,764,485</u>
Fund equity, end of year	<u>\$1,974,796</u>	<u>\$1,818,518</u>

See accompanying notes

MISCELLANEOUS TRUST FUNDS OF THE CITY OF HALIFAX

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1985

1. Significant accounting policies

These financial statements are prepared in accordance with generally accepted accounting principles except as follows:

- a) Discounts or premiums arising on the purchase of long term investments are not being amortized in the accounts during the period they are held in the funds. Consequently the discount or premium is realized as a gain or loss at the date of maturity or at the date of sale.
- b) Interest receivable is not recorded on investments.

2. Investments

	<u>1985</u>	<u>1984</u>
Cost	<u>\$1,901,530</u>	<u>\$1,757,979</u>
Face value	<u>\$2,018,500</u>	<u>\$1,894,000</u>
Market value (estimated)	<u>\$2,042,536</u>	<u>\$1,800,892</u>

The market value shown for investments represents the value of the securities as at December 31, assuming an annual yield requirement equal to 10% (1984 - 11.20%).

SCHEDULEMISCELLANEOUS TRUST FUNDS OF THE CITY OF HALIFAXSCHEDULE OF MISCELLANEOUS TRUST FUNDSFOR THE YEAR ENDED DECEMBER 31, 1985

	<u>Capital Contribution</u>	<u>Cash</u>	<u>1985 Investments (note 2)</u>	<u>Total</u>	<u>1984 Total</u>
Fairview Cemetery:					
Trust	\$ 658,972	\$ 65,255	\$ 929,415	\$ 994,670	\$ 899,747
Maintenance	45,000	5,456	43,780	49,236	49,207
L.G. Haverstock Trust	1,000	464	1,004	1,468	1,451
Enos M. MacLeod Trust	300	159	300	459	467
Camphill Cemetery:					
Perpetual Care	488,254	56,663	531,032	587,695	586,056
Trust	104,612	22,963	98,010	120,973	120,702
Fence	4,970	9,723	8,881	18,604	17,672
Miscellaneous:					
City Home Trust	39,803	2,415	116,270	118,685	108,088
Ross Trust	354	515	-	515	515
George Hart Trust	10,000	14,859	18,078	32,937	30,962
J.M. Foote Trust	4,634	4,073	11,397	15,470	14,183
Isabella Brown Bequest	500	1,060	-	1,060	1,060
T.B. Hospital Comfort					
Fund	444	724	-	724	724
Elsie Taylor Bequest	2,000	9	-	9	9
J.D. O'Connell Picnic					
Fund	10,035	4,858	43,315	48,173	43,960
Street deposits	6,210	15,316	25,031	40,347	37,400
Cogswell Military					
Drill Bequest	5,330	11,998	13,858	25,856	24,045
Cogswell Harbour					
Championships	1,000	1,567	2,255	3,822	4,027
Jean Cameron Trust	19,000	-	19,000	19,000	-
Commons Commutation	16,376	2,168	15,981	18,149	18,149
Gulf Construction	16,342	-	17,446	17,446	-
Halifax Foundation	-	12,613	-	12,613	12,019
Basinview Home Patients					
Trust	3,899	6,663	2,996	9,659	9,055
Library:					
Josephine Shannon					
Bequest	982	887	995	1,882	1,775
Mrs. S.L. Gibson Trust	1,000	819	1,000	1,819	1,724
Portia White Trust	1,000	323	992	1,315	1,504
Mrs. L.D. Currie Trust	535	193	494	687	643
	<u>\$1,442,552</u>	<u>\$241,743</u>	<u>\$1,901,530</u>	<u>\$2,143,273</u>	<u>\$1,985,144</u>

See accompanying notes

SINKING FUNDS
(Administered by the City of Halifax)

FINANCIAL STATEMENTS

DECEMBER 31, 1985



A MEMBER OF ARTHUR YOUNG INTERNATIONAL

1.

Clarkson Gordon

Chartered Accountants
12th Floor, Purdy's Wharf
1959 Upper Water Street
Halifax, N.S., Canada B3J 3N2
Telephone (902) 420 1080
Telex 019 22789

AUDITORS' REPORT

To the Trustees of the Sinking Funds
of the City of Halifax:

We have examined the balance sheet of the Sinking Funds administered by the City of Halifax as at December 31, 1985 and the statement of income and fund equity for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the funds as at December 31, 1985 and the results of their operations for the year then ended in accordance with the accounting principles described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Clarkson Gordon

Chartered Accountants,
Registered Municipal Auditors

Halifax, Canada
April 25, 1986

SINKING FUNDS
(Administered by the City of Halifax)

BALANCE SHEET

DECEMBER 31, 1985

	<u>1985</u>	<u>1984</u>
<u>ASSETS</u>		
Cash	\$ 86,360	\$ 145,193
Investments (note 2)	4,556,721	4,723,823
Accrued interest	<u>127,149</u>	<u>138,204</u>
	<u>\$4,770,230</u>	<u>\$5,007,220</u>

LIABILITIES AND FUND EQUITY

Payable to City of Halifax revenue fund	\$ -	\$ 707,400
Equity (note 3):		
Reserve for future redemption	4,095,230	3,978,820
Appropriated equity	<u>675,000</u>	<u>321,000</u>
	<u>4,770,230</u>	<u>4,299,820</u>
	<u>\$4,770,230</u>	<u>\$5,007,220</u>

On behalf of the Trustees:

Amir Salga Trustee
[Signature] Trustee

See accompanying notes

SINKING FUNDS
(Administered by the City of Halifax)

STATEMENT OF INCOME AND FUND EQUITY

FOR THE YEAR ENDED DECEMBER 31, 1985

	<u>1985</u>	<u>1984</u>
Income:		
Investment income	\$ 513,472	\$ 499,633
Gain on disposal of investments	<u>15,687</u>	<u>7,461</u>
	529,159	507,094
Fund equity, beginning of year	4,299,820	3,865,625
Less: Transfer to City of Halifax	<u>58,749</u>	<u>72,899</u>
Fund equity, end of year	<u>\$4,770,230</u>	<u>\$4,299,820</u>

See accompanying notes

SINKING FUNDS
(Administered by the City of Halifax)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1985

1. Significant accounting policies

These financial statements are prepared in accordance with generally accepted accounting principles except that discounts or premiums arising on the purchase of long term investments are not being amortized in the accounts during the period they are held in the funds. Consequently the discount or premium is realized as a gain or loss at the date of maturity or at the date of sale.

2. Investments

	<u>1985</u>	<u>1984</u>
Cost	<u>\$4,556,721</u>	<u>\$4,723,823</u>
Face value	<u>\$4,937,000</u>	<u>\$5,095,000</u>
Market value (estimated)	<u>\$5,006,961</u>	<u>\$4,913,877</u>

The market value shown for investments represents the value of the securities as at December 31, assuming an annual yield requirement equal to 10% (1984 - 11.20%).

3. Equity

The portion reflected as a reserve for future redemption is calculated by determining the present value of future sinking fund debt repayments using a discount rate of 9% as prescribed by the trustees of the Sinking Funds. The appropriated equity represents the value of assets at December 31, in excess of the reserve for future redemption and is designated to be used for capital purposes. Based upon the assets held by the Sinking Funds and the prescribed discount rate of 9% no future payments are required to be made to the Sinking Funds by the City.

The reserve for future redemption of the prior year has been restated, using the above discount rate of 9%, to more accurately reflect the amount required to repay the Sinking Fund debt when it becomes due.

HALIFAX DISTRICT SCHOOL BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 1985

HALIFAX DISTRICT SCHOOL BOARD

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DECEMBER 31, 1985

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A MEMBER OF ARTHUR YOUNG INTERNATIONAL

1.

Clarkson Gordon

Chartered Accountants
12th Floor, Purdy's Wharf
1959 Upper Water Street
Halifax, N.S., Canada B3J 3N2
Telephone: (902) 420-1080
Telex: 019-22789

AUDITORS' REPORT

To the Members of
The Halifax District School Board:

We have examined the balance sheets of the Halifax District School Board as at December 31, 1985 and the statements of revenue and expenditures, investment in capital assets and changes in reserve balance for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Board as at December 31, 1985 and the results of its operations for the year then ended in accordance with the accounting principles described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

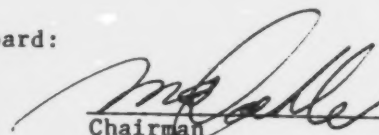
Chartered Accountants

Halifax, Canada
February 14, 1986

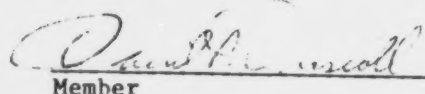
HALIFAX DISTRICT SCHOOL BOARDREVENUE FUNDBALANCE SHEETDECEMBER 31, 1985

	<u>1985</u>	<u>1984</u>
<u>ASSETS</u>		
Cash	\$2,959,605	\$2,441,065
Accounts receivable:		
School tuition	172,957	158,631
Salaries	48,525	84,691
City of Halifax - interest income	37,036	47,763
Other	8,460	24,049
	<u>266,978</u>	<u>315,134</u>
	<u>\$3,226,583</u>	<u>\$2,756,199</u>
<u>LIABILITIES</u>		
Accounts payable:		
Trade accounts payable	\$ 428,684	\$ 581,396
Salary deductions	1,599,825	1,575,509
Salaries payable (note 2)	846,130	-
Retirement allowance -		
Due to retired teachers	21,942	5,450
Due to retirement allowance fund	5,919	5,411
Province of Nova Scotia	-	20,341
Other	504	49
	<u>2,903,004</u>	<u>2,188,156</u>
Due to special capital equipment reserve fund	29,274	26,758
Contingencies (notes 6 and 7)		
Excess of revenue over expenditures - due to the City of Halifax	<u>294,305</u>	<u>541,285</u>
	<u>\$3,226,583</u>	<u>\$2,756,199</u>

On behalf of the Board:



Chairman



Member

See accompanying notes

HALIFAX DISTRICT SCHOOL BOARDREVENUE FUNDSTATEMENT OF REVENUE AND EXPENDITURESFOR THE YEAR ENDED DECEMBER 31, 1985

		1985		1984
	Page	Actual	Budget (unaudited)	Actual
Revenue:				
City of Halifax - Municipal levy		\$29,834,825	\$29,834,825	\$27,176,022
City of Halifax - interest income		351,788	380,000	423,760
Grants from Province of Nova Scotia	4	33,136,676	33,145,170	32,954,893
Tuition	4	618,578	575,000	622,785
Other	4	185,986	185,240	238,908
Government of Canada programs - recovery	4	277,543	-	222,659
Transfer from special capital equipment reserve fund		-	-	30,000
Total controllable revenue		64,405,396	64,120,235	61,669,027
City of Halifax - debenture debt charges (note 3)		4,116,144	4,116,144	3,234,982
Total revenue		68,521,540	68,236,379	64,904,009
Expenditures:				
Personnel services	5	57,917,064	58,345,500	55,012,703
Contractual services	6	3,713,661	3,589,620	3,486,590
Materials and supplies	7	1,862,894	1,789,095	2,061,571
Fixed and sundry charges	7	21,956	20,600	17,205
Prize fund		2,442	-	2,566
Capital items from revenue	8	593,074	534,510	527,853
Transfer to special capital equipment reserve fund (note 5)		-	-	19,254
Budget adjustments		-	(159,090)	-
Total controllable expenditures		64,111,091	64,120,235	61,127,742
Debenture debt charges (note 3)		4,116,144	4,116,144	3,234,982
Total expenditures		68,227,235	68,236,379	64,362,724
Excess of revenue over expenditures		\$ 294,305	\$ -	\$ 541,285

See accompanying notes

HALIFAX DISTRICT SCHOOL BOARDREVENUE FUNDSCHEDULE OF REVENUEFOR THE YEAR ENDED DECEMBER 31, 1985

	<u>1985</u>		<u>1984</u>
	<u>Actual</u>	<u>Budget</u> (unaudited)	<u>Actual</u>
Grants from Province of Nova Scotia: Department of Education assistance	\$32,830,453	\$32,830,450	\$32,614,832
French program (Federal - Provincial)	303,781	314,720	337,495
Prize fund	<u>2,442</u>	<u>-</u>	<u>2,566</u>
	<u>\$33,136,676</u>	<u>\$33,145,170</u>	<u>\$32,954,893</u>
Tuition:			
Non-resident	\$ 413,933	\$ 395,000	\$ 379,410
Continuing education (adult)	185,350	180,000	197,825
Driver education	18,095	-	43,750
Summer school	<u>1,200</u>	<u>-</u>	<u>1,800</u>
	<u>\$ 618,578</u>	<u>\$ 575,000</u>	<u>\$ 622,785</u>
Other:			
Rental of school buildings	\$ 146,476	\$ 125,000	\$ 161,870
Transit revenue	33,991	40,000	64,193
Miscellaneous	5,519	20,240	8,680
Proceeds from sale of vehicles	<u>-</u>	<u>-</u>	<u>4,165</u>
	<u>\$ 185,986</u>	<u>\$ 185,240</u>	<u>\$ 238,908</u>
Government of Canada programs - recovery:			
Continuing education - second language	\$ 264,943	\$ -	\$ 160,259
Continuing education - career exploration	<u>12,600</u>	<u>-</u>	<u>62,400</u>
	<u>\$ 277,543</u>	<u>\$ -</u>	<u>\$ 222,659</u>

See accompanying notes

HALIFAX DISTRICT SCHOOL BOARDREVENUE FUNDSCHEDULE OF PERSONNEL SERVICES EXPENDITURESFOR THE YEAR ENDED DECEMBER 31, 1985

	<u>1985</u>		<u>1984</u>
	<u>Actual</u>	<u>Budget</u> (unaudited)	<u>Actual</u>
Personnel services:			
Teachers' salaries	\$47,818,769	\$48,314,640	\$45,391,735
Janitors	2,993,956	2,953,480	2,928,160
Maintenance - staff	1,661,492	1,690,000	1,629,365
Clerical salaries	1,067,186	1,070,490	1,028,605
Administrative salaries	576,099	599,400	558,864
Continuing education	591,929	449,270	549,528
Maintenance - foremen	162,920	162,950	156,640
Summer school	102,607	107,880	120,666
Driver education	50,946	35,470	65,757
Commissioners' allowance	15,625	14,250	14,115
Unemployment insurance	1,142,505	1,176,960	1,006,561
Canada pension plan	588,381	645,440	534,984
Superannuation fund contributions	429,592	449,620	416,735
Teachers' retirement allowance	348,253	275,000	250,000
Halifax teachers' pension system	99,141	115,300	117,570
Medical insurance - staff	129,141	126,380	107,719
Medical insurance - Blue Cross	45,367	46,090	40,905
Group insurance - non-teaching	43,891	49,650	36,767
Workmen's compensation insurance	32,516	37,800	33,314
Janitor's compensation insurance	16,748	25,430	24,713
	<u>\$57,917,064</u>	<u>\$58,345,500</u>	<u>\$55,012,703</u>

See accompanying notes

HALIFAX DISTRICT SCHOOL BOARDREVENUE FUNDSCHEDULE OF EXPENDITURESFOR THE YEAR ENDED DECEMBER 31, 1985

	<u>1985</u>		<u>1984</u>
	<u>Actual</u>	<u>Budget</u> (unaudited)	<u>Actual</u>
Contractual services:			
Fuel oil, propane gas	\$1,514,791	\$1,450,000	\$1,370,601
Light and power	741,605	747,600	729,897
Pupil transportation	730,836	648,710	672,547
Telephone	122,394	135,000	125,205
Insurance - general	82,324	88,030	101,838
Water rates	93,460	110,000	100,603
In service training	95,607	105,760	97,548
Computer service (time-tabling in high schools)	62,746	62,500	66,822
Car allowance	55,555	62,000	59,821
Snow removal	78,915	40,000	34,050
Miscellaneous maintenance contracts (Pest control - trap service, fire extinguisher services)	34,195	33,120	33,308
Computer development and services	31,436	33,300	32,211
Sanitation	26,673	28,000	25,417
Board expense and conferences	19,849	21,600	15,547
Fire alarm charges	16,800	16,000	14,400
Audit fees	6,475	8,000	6,775
	<u>\$3,713,661</u>	<u>\$3,589,620</u>	<u>\$3,486,590</u>

See accompanying notes

HALIFAX DISTRICT SCHOOL BOARDREVENUE FUNDSCHEDULE OF EXPENDITURESFOR THE YEAR ENDED DECEMBER 31, 1985

	<u>Actual</u>	<u>1985 Budget (unaudited)</u>	<u>1984 Actual</u>
Materials and supplies:			
Special department supplies	\$ 556,560	\$ 545,615	\$ 574,499
Maintenance department materials	497,121	470,000	564,292
Curriculum and instructional supplies	445,713	432,110	528,393
Library services department	79,284	79,550	116,036
Janitorial supplies	125,150	125,000	94,698
Car and truck operating	70,407	59,000	69,462
General office supplies	50,973	51,000	49,219
Driver education	29,608	21,020	41,464
Board assistance - Student Council	-	-	16,000
Theft replacement	4,269	2,000	4,275
Special presentations	2,901	2,900	2,486
Public speaking contest	908	900	747
	<u>\$1,862,894</u>	<u>\$1,789,095</u>	<u>\$2,061,571</u>
Fixed and sundry charges:			
Association fees	\$ 16,171	\$ 15,500	\$ 14,399
Contingent expenses	5,785	5,000	2,806
Dechman scholarship	-	100	-
	<u>\$ 21,956</u>	<u>\$ 20,600</u>	<u>\$ 17,205</u>

See accompanying notes

HALIFAX DISTRICT SCHOOL BOARD

REVENUE FUND

SCHEDULE OF EXPENDITURES

FOR THE YEAR ENDED DECEMBER 31, 1985

	<u>1985</u>		<u>1984</u>
	<u>Actual</u>	<u>Budget</u> (unaudited)	<u>Actual</u>
Capital items from revenue:			
Elementary and junior high equipment	\$105,504	\$100,000	\$ 48,581
Renovations - Holly Drive	73,123	67,510	-
Senior high equipment	68,325	70,000	58,916
Masonry repairs	65,073	60,000	13,501
Renovations - Beaufort	53,477	25,000	-
Roof replacements	47,750	55,000	49,095
Light fixture replacements	31,337	30,000	30,537
Educational administration equipment	25,360	20,000	10,120
Energy conservation	22,509	20,000	18,973
Renovations - St. Pat's High	16,195	10,000	-
Business education equipment	11,031	10,000	-
Dust collection system	10,689	10,000	34,984
Property service - maintenance equipment	9,366	10,000	15,342
Drape replacement	7,661	10,000	9,960
Furniture replacements	7,613	10,000	17,003
Boardroom furniture	6,488	-	-
New fire alarms	6,407	7,000	13,513
Property service - custodial equipment	5,454	5,000	6,212
Career explorations equipment	5,431	5,000	937
Physical education equipment	4,581	5,000	9,384
Special education equipment	4,033	5,000	4,850
Renovations - Special Services	3,660	-	-
Renovations - Acadian Building	2,007	-	-
Window replacement	-	-	67,307
New vehicles	-	-	56,769
Paving	-	-	13,480
Toilet partition replacement	-	-	10,400
Library department equipment	-	-	9,700
Floor replacement	-	-	7,159
Landscaping	-	-	6,200
Music department equipment	-	-	4,249
Renovations - Cornwallis Junior High	-	-	3,912
Chebucto old bungalow renovation	-	-	3,561
Renovations - St. Stephen's	-	-	3,208
	<u>\$593,074</u>	<u>\$534,510</u>	<u>\$527,853</u>

See accompanying notes

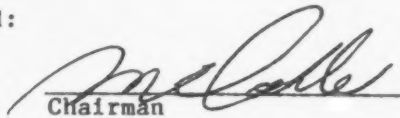
HALIFAX DISTRICT SCHOOL BOARDCAPITAL FUNDBALANCE SHEETDECEMBER 31, 1985

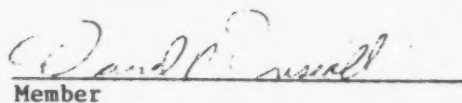
	<u>1985</u>	<u>1984</u>
<u>ASSETS</u>		
Interest in school buildings (note 4)	\$ 29,422	\$ -
Equipment, renovations and minor repairs	<u>8,238,836</u>	<u>7,645,762</u>
	<u>\$8,268,258</u>	<u>\$7,645,762</u>

LIABILITIES AND EQUITY

Debenture payable (note 4)	\$ 29,422	\$ -
Equity:		
Investment in capital assets	<u>8,238,836</u>	<u>7,645,762</u>
	<u>\$8,268,258</u>	<u>\$7,645,762</u>

On behalf of the Board:


Chairman


Member

See accompanying notes

HALIFAX DISTRICT SCHOOL BOARDCAPITAL FUNDSTATEMENT OF INVESTMENT IN CAPITAL ASSETSFOR THE YEAR ENDED DECEMBER 31, 1985

	<u>1985</u>	<u>1984</u>
Balance, beginning of year	<u>\$7,645,762</u>	<u>\$7,117,909</u>
Transfer from special capital equipment reserve fund	-	30,000
Provincial capital grant	534,510	512,942
Transfer from revenue fund	58,564	-
Transfer to special capital equipment reserve fund	<u>-</u>	<u>(15,089)</u>
Funds expended on capital assets (page 8)	<u>593,074</u>	<u>527,853</u>
Balance, end of year	<u>\$8,238,836</u>	<u>\$7,645,762</u>

See accompanying notes

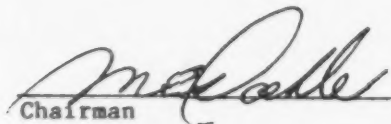
HALIFAX DISTRICT SCHOOL BOARD
SPECIAL CAPITAL EQUIPMENT RESERVE FUND

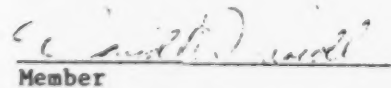
BALANCE SHEET

DECEMBER 31, 1985

	<u>1985</u>	<u>1984</u>
<u>ASSETS</u>		
Due from Revenue Fund	<u>\$29,274</u>	<u>\$26,758</u>
<u>RESERVE</u>		
Reserve (note 5):		
Unexpended portion of the capital equipment and minor repairs grant	<u>\$29,274</u>	<u>\$26,758</u>

On behalf of the Board:


Chairman


Member

See accompanying notes

HALIFAX DISTRICT SCHOOL BOARD
SPECIAL CAPITAL EQUIPMENT RESERVE FUND
STATEMENT OF CHANGES IN RESERVE BALANCE
FOR THE YEAR ENDED DECEMBER 31, 1985

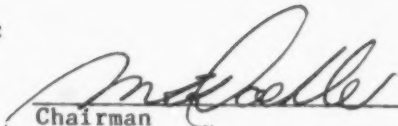
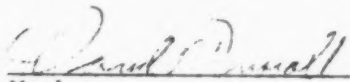
	<u>1985</u>	<u>1984</u>
Balance, beginning of year	\$26,758	\$37,504
Transfer from capital fund	-	15,089
Proceeds on disposal of capital assets	-	4,165
Transfer to capital fund for purchase of vehicles	-	(30,000)
Interest income	<u>2,516</u>	<u>-</u>
Balance, end of year	<u>\$29,274</u>	<u>\$26,758</u>

See accompanying notes

HALIFAX DISTRICT SCHOOL BOARDRETIREMENT ALLOWANCE FUNDBALANCE SHEETDECEMBER 31, 1985

	<u>1985</u>	<u>1984</u>
Due from revenue fund	<u>\$5,919</u>	<u>\$5,411</u>
Equity in retirement allowance fund (note 6)	<u>\$5,919</u>	<u>\$5,411</u>

On behalf of the Board:


Chairman
Member

See accompanying notes

HALIFAX DISTRICT SCHOOL BOARDNOTES TO FINANCIAL STATEMENTSDECEMBER 31, 19851. Significant accounting policies

The financial statements of the Board have been prepared in accordance with accounting principles considered appropriate for Nova Scotia School Boards which are consistent with those prescribed for Nova Scotia Municipalities by the Department of Municipal Affairs. The more significant of these accounting policies are presented below.

(i) Revenue and expenditures -

Revenue and expenditures are recorded on an accrual basis, except as noted in the following paragraph, with expenses being recorded once a commitment has been made.

All salaries are recorded in the accounts when paid.

Accumulated sick leave earned by teachers pursuant to their contract with the Board are also accounted for on a cash basis. These policies are consistent with the method used to fund these expenditures (see note 2).

Retirement allowances, as more fully described in note 6, are presently accounted for on a cash basis.

(ii) Capital fund assets -

All expenditures of a capital nature are expensed in the revenue fund and are included as an asset and equity on the capital fund balance sheet. Capital fund assets transferred from the City of Halifax as of January 1, 1982 are recorded at their insurance appraisal value at that date of \$5,984,414 with subsequent additions recorded at cost. As is mandatory for Nova Scotia Municipalities, the Board does not record depreciation on its capital assets.

2. Salaries payable

As stated in note 1 to the financial statements, the Board records salary expense when paid. However, in the 1985-86 school year, there will be twenty-seven pay periods instead of the usual twenty-six. In order to properly reflect salary expenditures in the year in which such amounts are effectively recovered in revenue, the 1985 portion of the additional pay period has been accrued in these financial statements.

3. Debenture debt charges

Revenue and expenditure related to debenture debt charges are administered by the City of Halifax and appear in the accompanying statements for information as to the total cost of education for the year. The City is reimbursed for these charges by the Province of Nova Scotia.

4. Interest in school building

The Board is making additions to Burton Ettinger School, the legal title of which is held by the City of Halifax. As prescribed by the Education Act for the Province of Nova Scotia, should the building be disposed of, the Board will be entitled to a portion of any net proceeds from disposal.

The additions to Burton Ettinger School are being financed by a debenture payable to the Nova Scotia Municipal Finance Corporation. The debenture will be repaid over the next 15 years and bears interest at rates varying between 9% and 11%. The principal repayments required over the next five years are as follows.

1986	\$ 1,953
1987	1,956
1988	1,955
1989	1,951
1990	1,951
Thereafter	<u>19,656</u>
	<u>\$29,422</u>

The Province of Nova Scotia, under the current funding arrangements, provides a grant to the Board equal to the amount of the debt financing costs.

5. Special Capital Equipment Reserve Fund

The Education Act for the Province of Nova Scotia requires that a special reserve fund be established for the unexpended portion of the capital equipment and minor repairs grant received in any year.

6. Retirement allowance fund

The retirement allowance fund has been established to lessen the impact of anticipated significantly increased retirement allowance expenditures in the future.

Retiring teachers are entitled to an allowance upon retirement under a contract between the Nova Scotia Teachers' Union local and the Board. The contract prescribes the formula used in calculating the payment as well as the period over which the payment is made. Amounts remaining in the fund will be used in the future to assist in funding retirement allowances.

The Board has been evaluating what current and future funding is required to meet the past and current service obligations for the retirement allowance pursuant to the contract. Although specific funding requirements have not been determined the Board has estimated (unaudited) that the unfunded obligation for past service, ignoring present value considerations, will be approximately \$8,000,000. This unfunded obligation represents the amount which the Board would be required to pay today if all teachers who were entitled to retirement allowances were to presently retire. The funding of, and accounting for, the unfunded liability will be finalized once the evaluation and analysis is completed.

In addition, the Board estimates that the future obligation for retirement allowances will increase in future due to the increasing average age of the teacher population.

7. Contingent liability

The contract between the Board and the Nova Scotia Teachers' Union - Halifax Local for employee benefits expired on December 31, 1984. The present negotiations have gone to arbitration and the amount of any settlement with regards to retroactive benefit payments, if any, is not determinable. The accounting for any retroactive settlement will be determined upon completion of negotiations and will be based upon the related funding. It is the intention of the Board to request funding from the City of Halifax for any retroactive benefit payments.

8. Comparative figures

Certain of the comparative figures have been reclassified to conform with the presentation used in the current year.

HALIFAX METRO CENTRE

FINANCIAL STATEMENTS

DECEMBER 31, 1985



A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Clarkson Gordon

Chartered Accountants
12th Floor, Purdy's Wharf
1959 Upper Water Street
Halifax, N.S., Canada B3J 3N2
Telephone: (902) 420-1080
Telex: 019-22789

AUDITORS' REPORT

To the Chairman and Members
of the Board of Trade Centre Limited:

We have examined the balance sheet of the Halifax Metro Centre as at December 31, 1985 and the statement of revenue and expenditures and cash flows for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Halifax Metro Centre as at December 31, 1985 and the results of its operations and the changes in its financial position for the year then ended in accordance with accounting principles described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Clarkson Gordon

Chartered Accountants

Halifax, Canada
February 19, 1986

HALIFAX METRO CENTRE

BALANCE SHEET

DECEMBER 31, 1985

	<u>1985</u>	<u>1984</u>
<u>ASSETS</u>		
Cash invested	\$ 399,221	\$ 598,180
Receivables:		
Due from Trade Centre Limited	560,768	116,905
Trade	153,768	172,490
Season seats	106,554	80,729
Advertising contracts	27,250	77,313
Prepaid expenses	<u>11,438</u>	<u>27,762</u>
	<u>\$1,258,999</u>	<u>\$1,073,379</u>
<u>LIABILITIES</u>		
Trade accounts payable and accruals	\$ 86,977	\$ 144,445
Advance ticket sales	201,188	318,197
Unearned revenue:		
Trade	10,288	10,650
Advertising contracts	62,380	62,721
Due to City of Halifax	<u>878,469</u>	<u>364,524</u>
	1,239,302	900,537
Asset valuation allowance	60,344	54,981
Due to (from) the City of Halifax:		
(Deficiency) excess of revenue over expenditures and budget appropriation	<u>(40,647)</u>	<u>117,861</u>
	<u>\$1,258,999</u>	<u>\$1,073,379</u>

On behalf of the Board of Trade Centre Limited:

Douglas McNeil
Chairman

[Signature]
President

See accompanying notes

HALIFAX METRO CENTRE

STATEMENT OF REVENUE AND EXPENDITURES

FOR THE YEAR ENDED DECEMBER 31, 1985

	<u>1985</u>		<u>1984</u>
	<u>Actual</u>	<u>Budget</u> (unaudited)	<u>Actual</u>
Revenue (schedule 1)	<u>\$1,340,802</u>	<u>\$1,377,000</u>	<u>\$1,527,671</u>
Expenditures (schedule 2):			
Operations	531,585	505,375	485,283
Building maintenance	410,328	429,125	395,569
Box office	265,198	262,425	262,542
Equipment maintenance	234,936	238,725	223,545
General administration	179,529	188,800	186,125
Promotions	40,906	51,700	46,354
Parking lot	-	-	29,550
Special items	12,754	-	20,560
Provision for doubtful accounts	5,363	-	47,927
	<u>1,680,599</u>	<u>1,676,150</u>	<u>1,697,455</u>
Net loss from operations	(339,797)	(299,150)	(169,784)
Approved budget appropriation from City of Halifax	<u>299,150</u>	<u>299,150</u>	<u>287,645</u>
(Deficiency) excess of revenue over expenditures and budget appropriation	<u>\$ (40,647)</u>	<u>\$ -</u>	<u>\$ 117,861</u>

See accompanying notes

HALIFAX METRO CENTRE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 1985

	<u>1985</u>	<u>1984</u>
Cash provided by (used in) operating activities:		
Net loss from operations	\$(339,797)	\$(169,784)
Approved budget appropriation from City of Halifax	<u>299,150</u>	<u>287,645</u>
	(40,647)	117,861
Payment of prior year's surplus	(117,861)	36,882
Decrease (increase) in -		
Accounts receivable	(400,903)	(243,379)
Prepaid expenses	16,324	(16,598)
Increase (decrease) in -		
Trade accounts payable and accrued liabilities	(57,468)	118,683
Advance ticket sales	(117,009)	42,704
Unearned revenue	(703)	13,445
Asset valuation allowance	<u>5,363</u>	<u>47,927</u>
	(712,904)	117,525
Cash provided by financing activities:		
Due to City of Halifax	<u>513,945</u>	<u>8,891</u>
(Decrease) increase in cash for the year	(198,959)	126,416
Cash, beginning of year	<u>598,180</u>	<u>471,764</u>
Cash, end of year	<u>\$399,221</u>	<u>\$598,180</u>

See accompanying notes

HALIFAX METRO CENTRE
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1985

1. Significant accounting policies

The financial statements have been prepared in accordance with accounting principles which are consistent with those prescribed for Nova Scotia municipalities by the Department of Municipal Affairs. The more significant of these accounting policies are presented below.

(i) Capital assets -

The Halifax Metro Centre is operated for the City of Halifax by Trade Centre Limited. The land, building and equipment utilized and operated by the Halifax Metro Centre are owned by the City of Halifax and are not included in these financial statements. The cost of any debt and depreciation related to these assets is also not recorded in these financial statements.

(ii) Revenue and expenditures -

Revenue and expenditures are recorded on an accrual basis with expenses being recorded once a commitment has been made. Revenue received or committed which is related to events occurring after year end is recorded as unearned revenue on the balance sheet.

(iii) Asset valuation allowance -

An asset valuation allowance is set up to provide for all accounts receivable more than one year old and all other doubtful amounts.

2. Contractual agreements

The Trade Centre Limited is party to agreements with Edmonton Oilers Hockey Ltd. with respect to the use of the Halifax Metro Centre by the N.S. Hockey Club (Nova Scotia Oilers) and rent payable on concessions. The agreements cover the period June 1, 1983 to May 31, 1988.

The agreements can be terminated if certain conditions provided for in the agreements are not met.

SCHEDULE 1HALIFAX METRO CENTRESCHEDULE OF REVENUEFOR THE YEAR ENDED DECEMBER 31, 1985

	<u>1985</u>		<u>1984</u>
	<u>Actual</u>	<u>Budget</u> (unaudited)	<u>Actual</u>
Rental revenue:			
Professional hockey	\$ 43,973	\$ 72,500	\$ 45,959
Intercollegiate hockey	-	500	-
Other hockey	-	8,500	45,435
Intercollegiate basketball	7,318	7,000	15,557
Boxing	6,000	10,000	3,163
Other sports	500	11,500	5,500
Rock concerts	123,474	64,000	59,741
Other concerts	21,483	39,500	46,436
Metro concerts	-	10,000	11,604
Family shows	76,804	56,000	88,750
Metro shows	296	4,500	2,407
Trade shows	7,475	50,300	41,300
Conventions	5,250	17,600	9,775
Dinners	3,900	-	2,400
Other events	8,225	10,000	18,350
Ice rental	46,081	45,000	44,855
	<u>350,779</u>	<u>406,900</u>	<u>441,232</u>
Recoveries	516,961	486,725	519,327
Concessions	145,045	160,000	170,025
Advertising	102,904	95,000	84,259
Secure-a-seat	10,650	10,000	9,425
Service charges	80,524	75,000	90,988
Other revenue	6,039	-	9,136
Security recovery	-	-	8,196
Interest	11,320	-	24,435
Parking	-	-	138,058
Salary recovery - Trade Centre Limited	<u>116,580</u>	<u>143,375</u>	<u>32,590</u>
	<u>\$1,340,802</u>	<u>\$1,377,000</u>	<u>\$1,527,671</u>

See accompanying notes

SCHEDULE 2HALIFAX METRO CENTRESCHEDULE OF EXPENDITURESFOR THE YEAR ENDED DECEMBER 31, 1985

	<u>1985</u>		<u>1984</u>
	<u>Actual</u>	<u>Budget</u> (unaudited)	<u>Actual</u>
Operations:			
Administration	\$ 43,852	\$ 45,850	\$ 43,715
Operations	54,302	54,150	54,654
Event expenses	433,431	405,375	386,914
	<u>531,585</u>	<u>505,375</u>	<u>485,283</u>
Building maintenance:			
Energy	586,181	-	308,730
Less recovery from Trade Centre Limited	405,638	-	100,032
Net energy cost	180,543	219,500	208,698
Administration	147,953	141,525	135,479
Building maintenance	81,832	68,100	51,392
	<u>410,328</u>	<u>429,125</u>	<u>395,569</u>
Box office:			
Administration	32,171	33,875	30,869
Operations	117,052	110,550	114,448
Computerized ticketing	115,975	118,000	117,225
	<u>265,198</u>	<u>262,425</u>	<u>262,542</u>
Equipment maintenance:			
Administration	213,079	207,575	195,528
Equipment maintenance	21,857	31,150	28,017
	<u>234,936</u>	<u>238,725</u>	<u>223,545</u>
General administration:			
Administration	111,918	123,600	123,604
Accounting	67,611	65,200	62,521
	<u>179,529</u>	<u>188,800</u>	<u>186,125</u>
Promotions:			
Administration	13,772	25,975	23,729
Promotions	23,674	7,725	8,445
Advertising	3,460	18,000	14,180
	<u>40,906</u>	<u>51,700</u>	<u>46,354</u>
Parking lot operations	-	-	29,550
Special items	12,754	-	20,560
Provision for doubtful accounts	5,363	-	47,927
	<u>\$1,680,599</u>	<u>\$1,676,150</u>	<u>\$1,697,455</u>

See accompanying notes

HALIFAX FORUM COMMISSION

FINANCIAL STATEMENTS

DECEMBER 31, 1985



A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Clarkson Gordon

Chartered Accountants
12th Floor, Purdy's Wharf
1959 Upper Water Street
Halifax, N.S., Canada B3J 3N2
Telephone: (902) 420-1080
Telex: 019-22789

AUDITORS' REPORT

To the Chairman and Members
of the Halifax Forum Commission:

We have examined the operating fund and capital fund balance sheets of the Halifax Forum Commission as at December 31, 1985 and the statement of operations for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Commission as at December 31, 1985 and the results of its operations for the year then ended in accordance with accounting principles described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Chartered Accountants

Halifax, Canada
March 14, 1986



HALIFAX FORUM COMMISSION

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 1985

	<u>1985</u>	<u>1984</u>
Operating revenue (schedule 1)	\$2,007,071	\$1,235,410
Operating expenditures (schedule 2)	<u>2,359,635</u>	<u>1,429,391</u>
Loss from operations	<u>352,564</u>	<u>193,981</u>
Capital expenditures - general	104,199	5,363
Interest and debt charges	<u>35,274</u>	<u>8,677</u>
	<u>139,473</u>	<u>14,040</u>
Excess of expenditures over revenue before grants	492,037	208,021
City of Halifax grants applicable to interest and debt charges	<u>35,274</u>	<u>8,677</u>
Deficit for the year	<u>\$ 456,763</u>	<u>\$ 199,344</u>

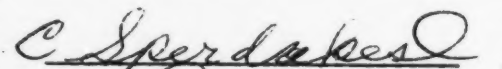
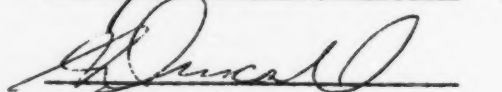
See accompanying notes

HALIFAX FORUM COMMISSION
OPERATING FUND BALANCE SHEET

DECEMBER 31, 1985

	<u>1985</u>	<u>1984</u>
<u>ASSETS</u>		
Cash	\$ 75,487	\$ 53,325
Accounts receivable	61,205	218,974
Due from employees	-	101
Prepaid expenses	4,173	15,137
Inventory	<u>7,796</u>	<u>8,824</u>
	148,661	296,361
Deferred charges (note 4)	<u>62,241</u>	<u>-</u>
	<u>\$210,902</u>	<u>\$296,361</u>
<u>LIABILITIES AND EQUITY</u>		
Accounts payable and accruals	\$136,949	\$ 98,399
Accounts payable - City of Halifax	<u>12,857</u>	<u>117,885</u>
	149,806	216,284
Valuation allowance	<u>7,521</u>	<u>26,502</u>
Equity:		
Balance, beginning of year	53,575	53,358
Deficit for the year	(456,763)	(199,344)
Recoverable from City of Halifax	456,763	199,344
Transfer from working funds of amount charged for depreciation on non-funded capital expenditures	<u>-</u>	<u>217</u>
Balance, end of year	<u>53,575</u>	<u>53,575</u>
	<u>\$210,902</u>	<u>\$296,361</u>

On behalf of the Commission:

See accompanying notes

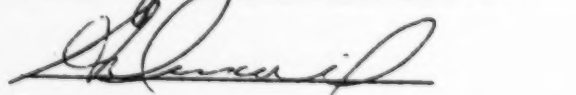
HALIFAX FORUM COMMISSION

CAPITAL FUND BALANCE SHEET

DECEMBER 31, 1985

	<u>1985</u>	<u>1984</u>
<u>ASSETS</u>		
Property and equipment:		
Real estate and Forum building	\$ 221,861	\$ 221,861
Forum building -		
General rehabilitation	543,312	543,312
Renovations	387,836	315,279
Civic Arena (note 2)	231,436	231,436
Equipment and improvements	<u>680,294</u>	<u>648,652</u>
	<u>\$2,064,739</u>	<u>\$1,960,540</u>
<u>LIABILITIES AND EQUITY</u>		
Due to the City of Halifax on		
long-term borrowing being		
retired annually (note 3):		
Current	\$ 100	\$ 200
Long-term	<u>100</u>	<u>100</u>
	<u>200</u>	<u>300</u>
Equity:		
Balance, beginning of year	1,960,240	1,950,557
Debenture debt retired	100	4,320
Capital expenditures financed		
by operations	<u>104,199</u>	<u>5,363</u>
Balance, end of year	<u>2,064,539</u>	<u>1,960,240</u>
	<u>\$2,064,739</u>	<u>\$1,960,540</u>

On behalf of the Commission:

See accompanying notes

HALIFAX FORUM COMMISSION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1985

1. Significant accounting policies

The financial statements have been prepared in accordance with accounting principles which are consistent with those prescribed for Nova Scotia municipalities by the Department of Municipal Affairs. The more significant of these accounting policies are presented below:

1) Capital assets -

Capital assets are recorded at cost. The Devonshire rink is operated by the Commission and its revenue and expenditures are included in these financial statements. The capital assets of the rink are the property of the City of Halifax and are not included in these financial statements.

ii) Revenue and expenditures -

Revenue and expenditures are recorded on the accrual basis.

iii) Inventory -

Inventory is valued at the lower of cost and net realizable value determined on a first-in first-out basis.

iv) Deficit -

Each year's deficit or surplus is recoverable from or payable to the City of Halifax.

v) Valuation allowance -

The valuation allowance consists of any account receivable outstanding for more than one year and any other account receivable for which collection is doubtful.

2. Civic Arena

The Civic Arena is situated on a portion of land which is leased by the Halifax Forum Commission. The lease agreement covers the period to March 31, 1989. The lease includes a clause which gives the lessor the option to require the Halifax Forum Commission to vacate the land after being given 60 days notice. Future payments required under this lease are as follows:

1986	\$7,743
1987	7,743
1988	7,743
1989	1,936

3. Long-term debt

	<u>Current</u>	<u>Long-term</u>	<u>Total</u>
\$2,000 debenture issue, 20 years, matures May 1987	<u>\$100</u>	<u>\$100</u>	<u>\$200</u>

4. Deferred charges

The deferred charges relate to payments to be made to Canertech Conservation (Nova Scotia) Inc. regarding improvements to the Forum's heating system. The \$62,241 will be charged to capital expenditures as energy savings in kilowatt hours are realized.

SCHEDULE 1HALIFAX FORUM COMMISSIONSCHEDULE OF OPERATING REVENUESFOR THE YEAR ENDED DECEMBER 31, 1985

	<u>1985</u>	<u>1984</u>
Social nights	\$1,263,025	\$ 640,852
Ice rentals	330,966	260,129
Canteen operations	179,871	164,180
Rentals - building and lot	59,193	60,165
Special events	56,079	38,507
Bar operations	46,519	2,212
Boxing and wrestling	23,582	32,270
Skate sharpening	18,638	16,858
Hockey	12,773	8,640
Advertising concessions	7,345	720
Dance	-	1,182
Parking area	4,950	2,529
Interest and miscellaneous	4,130	7,166
	<u>\$2,007,071</u>	<u>\$1,235,410</u>

See accompanying notes

SCHEDULE 2HALIFAX FORUM COMMISSIONSCHEDULE OF OPERATING EXPENDITURESFOR THE YEAR ENDED DECEMBER 31, 1985

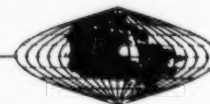
	<u>1985</u>	<u>1984</u>
Social nights	\$1,115,225	\$ 552,189
Salaries, wages and benefits	515,268	368,897
Building maintenance and repairs	193,732	54,204
Canteen operations	106,196	96,805
Electricity	100,825	100,441
Fuel	95,701	94,106
Security	40,492	30,706
Sundry charges	45,953	5,754
Advertising	26,095	5,125
Bar operations	25,451	2,239
Equipment maintenance	21,103	41,328
Land lease	13,550	-
Professional fees	10,422	8,800
Water	9,607	8,901
Insurance	7,559	5,449
Office supplies	6,691	3,007
Ice maintenance	4,268	-
Uniforms and clothing	4,621	3,483
Ground maintenance	4,140	5,491
Telephone	4,122	3,193
Skate sharpening	4,098	12,929
Sanitary supplies	2,416	5,244
Dance	700	2,446
Bad debts	1,400	18,437
Provision for depreciation	-	217
	<u>\$2,359,635</u>	<u>\$1,429,391</u>

See accompanying notes

HALIFAX CIVIC HOSPITAL
FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 1985

HALIFAX CIVIC HOSPITAL
FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 1985

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AUDITORS' REPORT

To the Chairman and Members of the Board
Halifax Civic Hospital

We have examined the balance sheet of the Halifax Civic Hospital as at March 31, 1985 and the statements of income and expenses, equity and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the hospital as at March 31, 1985 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles generally accepted for hospitals applied, after giving retroactive effect to the change in accounting policy as described in note 2, on a basis consistent with that of the preceding year.

Halifax, Nova Scotia
May 31, 1985

A handwritten signature in cursive script, reading "Thorne Riddell", positioned above the printed name.

Chartered Accountants

HALIFAX CIVIC HOSPITAL

2.

BALANCE SHEET AS AT MARCH 31, 1985

INTEGRATED FUND

ASSETS	1985	1984 (as restated note 2)
CURRENT ASSETS		
Cash (note 3)	\$ 28,517	\$ 42,917
Accounts receivable (note 4)	105,529	118,431
Inventories (note 5)	26,430	28,634
Prepaid expenses	19,169	16,375
	<u>179,645</u>	<u>206,357</u>
ASSETS HELD FOR CAPITAL PURPOSES		
Cash and short-term deposits (note 3)	643,741	564,633
Accrued interest	5,433	4,434
	<u>649,174</u>	<u>569,067</u>
FIXED ASSETS (note 6)		
Land, buildings and equipment	1,254,708	1,236,526
Less accumulated depreciation	1,017,720	990,405
	<u>236,988</u>	<u>246,121</u>
	<u>\$1,065,807</u>	<u>\$1,021,545</u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 7)	\$ 208,002	\$ 205,745
EQUITY (note 8)		
Unappropriated, operating	(28,357)	612
Appropriated, capital	886,162	815,188
	<u>857,805</u>	<u>815,800</u>
	<u>\$1,065,807</u>	<u>\$1,021,545</u>

Approved by the Board

Director

Director

HALIFAX CIVIC HOSPITAL

3.

STATEMENT OF INCOME AND EXPENSES

INTEGRATED FUND

YEAR ENDED MARCH 31, 1985

			Average per patient per day	
	<u>1985</u>	<u>1984</u> (as restated note 2)	<u>1985</u>	<u>1984</u> (as restated note 2)
INCOME				
Net patient income	\$2,619,290	\$2,474,287	\$178.04	\$173.70
Dietary recoveries	12,949	11,905	.88	.84
Sundry	42,912	30,920	2.92	2.16
	<u>2,675,151</u>	<u>2,517,112</u>	<u>181.84</u>	<u>176.70</u>
EXPENSES				
Nursing	1,026,055	972,314	69.74	68.26
Diagnostic and therapeutic	423,248	396,970	28.77	27.87
Administrative and supportive	977,860	922,535	66.46	64.76
Medical and surgical supplies	43,198	27,364	2.94	1.92
Drugs	52,649	49,066	3.58	3.45
Employee benefits	152,669	144,100	10.38	10.12
	<u>2,675,679</u>	<u>2,512,349</u>	<u>181.87</u>	<u>176.38</u>
EXCESS OF INCOME OVER EXPENSES				
(EXPENSES OVER INCOME)	\$ (528)	\$ 4,763	\$ (.03)	\$.32

Patient days

1985 14,712
1984 14,245

Average occupancy (52 beds set-up)

1985 77.5%
1984 74.8%

HALIFAX CIVIC HOSPITAL

4.

STATEMENT OF EQUITY

INTEGRATED FUND

YEAR ENDED MARCH 31, 1985

	<u>1985</u>	<u>1984</u> (as restated note 2)
UNAPPROPRIATED		
Balance at beginning of year		
As previously reported	\$ 23,108	
Adjustment of Provincial Plan, prior 1983	(11,151)	
Adjustment of 1984 depreciation	(11,345)	
As restated	612	\$ 10,588
Excess of income over expenses (expenses over income)	(528)	4,763
Adjustments by Provincial Plan		
Prior 1982		(412)
Prior 1983	(23,678)	(11,151)
Prior 1984	(8,489)	
	(32,083)	3,788
Transfer of 1982 surplus to appropriated equity		3,176
Transfer of 1984 deficit to appropriated equity	(3,726)	
Balance at end of year	<u>\$ (28,357)</u>	<u>\$ 612</u>
APPROPRIATED		
Balance at beginning of year		
As previously reported	\$1,468,404	\$1,424,009
Adjustment of prior years' depreciation (note 2)	(664,367)	(664,367)
Adjustment of Provincial Plan, prior 1983	11,151	
As restated	815,188	759,642
Add (deduct)		
Interest income	64,001	39,271
Hospital capital fund grant	9,874	10,765
Donations	825	2,334
Transfer from unappropriated equity	(3,726)	3,176
	70,974	55,546
Balance at end of year	<u>\$ 886,162</u>	<u>\$ 815,188</u>

HALIFAX CIVIC HOSPITAL

5.

STATEMENT OF CHANGES IN FINANCIAL POSITION

INTEGRATED FUND

YEAR ENDED MARCH 31, 1985

	<u>1985</u>	<u>1984</u> (as restated note 2)
FUNDS DERIVED FROM		
Operations		
Excess of income over expenses (expenses over income) \$	(528)	\$ 4,763
Add depreciation not involving current funds	<u>27,315</u>	<u>27,958</u>
	26,787	32,721
Hospital capital fund grant	9,874	10,765
Interest income	64,001	39,271
Donations	<u>825</u>	<u>2,334</u>
	<u>101,487</u>	<u>85,091</u>
FUNDS APPLIED TO		
Additions to fixed assets	18,182	13,990
Reduction in settlements, prior years	<u>32,167</u>	<u>11,563</u>
	50,349	25,553
INCREASE IN FUNDS	<u>\$ 51,138</u>	<u>\$ 59,538</u>
SUMMARY OF INCREASE IN FUNDS		
Decrease in current assets	\$(26,712)	\$(37,442)
Increase in assets held for capital purposes	80,107	47,018
Decrease (increase) in current liabilities	<u>(2,257)</u>	<u>49,962</u>
	<u>\$ 51,138</u>	<u>\$ 59,538</u>

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 1985

1. ACCOUNTING POLICIES

(a) Inventories

Inventories are valued at the lower of cost and replacement cost.

(b) Fixed assets

All fixed assets are stated at cost. No depreciation is provided on minor equipment. Depreciation on all other assets is being provided on the straight-line basis using the following annual rates:

Land improvements	20%
Buildings and service equipment	2.5% and 5%
Major equipment	5%, 6.25%, 6.67%, 10% and 20%

When fixed assets are disposed of, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss on disposal is included in income.

(c) Income

These financial statements are prepared on an integrated basis, however the income received from capital funds and donations, together with the hospital capital fund grant, have been credited directly to appropriated equity in as much as the Board has directed that these amounts be used only for capital purposes less any liability due to current section.

(d) Equity

Appropriated equity represents the total of fixed assets and assets held for capital purposes.

2. ADJUSTMENT OF PRIOR YEARS' DEPRECIATION

During the year the hospital revised its depreciation policy with respect to buildings and service equipment. Previously the hospital provided depreciation on buildings and service equipment in amounts equal to the principal repayment on long-term debt, with such debt being fully retired in 1976. The new policy has been adopted on a retroactive basis, with a cumulative adjustment of \$664,367 made to previously reported opening appropriated equity and an increase of \$11,345 in depreciation expense for the year ended March 31, 1984.

Had these changes not been made, the excess of income over expenses for the year ended March 31, 1985 would have been increased by \$11,506 to \$10,978.

3. CASH

At year-end a calculation is made of the cash required for capital purposes, and cash balances are segregated between current and capital at that time. At March 31, 1985 the amount of cash due to capital section from current section is Nil (1984, Nil).

HALIFAX CIVIC HOSPITAL

7.

NOTES TO FINANCIAL STATEMENTS (Continued)

YEAR ENDED MARCH 31, 1985

4. ACCOUNTS RECEIVABLE

	<u>1985</u>	<u>1984</u>
Patients (less allowance for doubtful accounts, 1985, \$1; 1984, \$8)	\$ 50,425	\$ 71,982
Estimated year-end adjustment		
Current (note 10)	42,256	
Prior, 1983 (note 9)	12,665	36,551
Other	<u>183</u>	<u>9,898</u>
	<u>\$105,529</u>	<u>\$118,431</u>

5. INVENTORIES

	<u>1985</u>	<u>1984</u>
Medical and surgical	\$ 5,496	\$ 4,951
Drugs	12,623	10,729
Food	338	2,017
General	<u>7,973</u>	<u>10,937</u>
	<u>\$ 26,430</u>	<u>\$ 28,634</u>

6. FIXED ASSETS

	<u>1985</u>			<u>1984</u> (as restated note 2)
	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net</u>	<u>Net</u>
Land and improvements	\$ 39,550	\$ 4,350	\$ 35,200	\$ 35,440
Buildings	613,322	613,321	1	1
Service equipment	230,114	108,243	121,871	129,930
Major equipment	360,808	291,806	69,002	69,836
Minor equipment	<u>10,914</u>		<u>10,914</u>	<u>10,914</u>
	<u>\$1,254,708</u>	<u>\$1,017,720</u>	<u>\$236,988</u>	<u>\$246,121</u>

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>1985</u>	<u>1984</u>
Accounts payable	\$ 88,689	\$116,339
Employee deductions payable	9,974	6,085
Accrued salaries	77,748	60,219
Estimated year-end adjustment		
Current (note 10)		23,102
Prior, 1984 (note 9)	<u>31,591</u>	
	<u>\$208,002</u>	<u>\$205,745</u>

HALIFAX CIVIC HOSPITAL

8.

NOTES TO FINANCIAL STATEMENTS (Continued)

YEAR ENDED MARCH 31, 1985

8. RETENTION OF EQUITY

On November 14, 1968 the Council of the City of Halifax passed a resolution that, commencing in fiscal 1969, the hospital would be allowed to retain the surplus arising from operations. The City has, however, retained the right to withdraw all or any part of these accumulated funds as it deems necessary. These funds are to be used to purchase capital equipment and to make major repairs not considered depreciable. The 1985 deficit has not been audited by the Department of Health and a portion of 1983 surplus is currently under appeal and consequently this surplus has not been transferred to appropriated equity.

9. ADJUSTMENTS BY PROVINCIAL PLAN, PRIOR

A portion of the Department of Health settlement for 1983 and 1984 are presently under appeal.

10. ESTIMATED YEAR-END ADJUSTMENT

	<u>1985</u>	<u>1984</u> (as restated note 2)
Total operating expenses	<u>\$2,675,679</u>	<u>\$2,512,349</u>
Deduct non-shareable items		
Superannuation	1,617	1,565
Indemnity to board members	645	810
Depreciation	12,032	12,167
Role study	8,106	
	<u>22,400</u>	<u>14,542</u>
Net shareable expenses	<u>2,653,279</u>	<u>2,497,807</u>
Total income	2,675,151	2,517,112
Add (deduct) estimated year-end adjustment	(42,256)	23,102
	<u>2,632,895</u>	<u>2,540,214</u>
Deduct offset income		
20% Of rental income	8,541	6,024
50% Of differential charges	13,331	13,281
	<u>21,872</u>	<u>19,305</u>
Net shareable income	<u>2,611,023</u>	<u>2,520,909</u>
Estimated year-end adjustment due from (to) Provincial Plan	<u>\$ 42,256</u>	<u>\$ (23,102)</u>

The final disposition of the estimated year-end adjustment for 1985 is subject to final approval by the Department of Health.

HALIFAX CIVIC HOSPITAL

9.

NOTES TO FINANCIAL STATEMENTS (Continued)

YEAR ENDED MARCH 31, 1985

11. COMPARATIVE FIGURES

Certain 1984 comparative figures have been reclassified to conform with the financial statement presentation adopted for 1985.

HALIFAX CIVIC HOSPITAL

NET PATIENT INCOME

SCHEDULE A

YEAR ENDED MARCH 31, 1985

	1985		1984	Average per patient per day	
	Inpatients	Outpatients	Total	1985	1984
Provincial Plan	\$2,274,365	\$105,635	\$2,380,000	\$161.77	\$156.24
Federal government	6,174		6,174	.42	.22
Workers' compensation	159,687		159,687	10.85	16.47
Non-residents	2,262		2,262	.16	.24
Radiology department		2,250	2,250	.16	.28
Differential charges	26,662		26,662	1.81	1.87
Estimated year-end adjustment	42,256		42,256	2.87	(1.62)
	<u>2,511,406</u>	<u>107,885</u>	<u>2,619,291</u>	<u>178.04</u>	<u>173.70</u>
Deduct provision for doubtful accounts	<u>1</u>		<u>1</u>		
NET PATIENT INCOME	<u>\$2,511,405</u>	<u>\$107,885</u>	<u>\$2,619,290</u>	<u>\$178.04</u>	<u>\$173.70</u>

HALIFAX CIVIC HOSPITAL

EXPENSES

YEAR ENDED MARCH 31, 1985

11.

SCHEDULE B

	1985			1984 Total (as restated note 2)	Average per patient per day	
	Salaries	Other	Total		1985	1984 (as restated note 2)
NURSING						
Nursing administration	\$ 128,899	\$ 210	\$ 129,109	\$ 183,054	\$ 8.78	\$ 12.85
Nursing units	894,641	2,305	896,946	789,260	60.96	55.41
	<u>1,023,540</u>	<u>2,515</u>	<u>1,026,055</u>	<u>972,314</u>	<u>69.74</u>	<u>68.26</u>
DIAGNOSTIC AND THERAPEUTIC						
Laboratory		84,906	84,906	76,687	5.77	5.38
Electrocardiogram	2,444	7,321	9,765	6,058	.66	.43
Pharmacy	23,250	215	23,465	31,259	1.59	2.20
Radiology						
Diagnostic	23,590	90,688	114,278	112,963	7.77	7.93
Therapeutic		11,196	11,196	8,392	.76	.59
Physiotherapy	26,796	740	27,536	27,471	1.87	1.93
Social services	19,857	5	19,862	25,732	1.35	1.81
Ambulance, purchased services		24,082	24,082	22,538	1.64	1.58
Surgery, purchased service		107,491	107,491	85,091	7.31	5.97
Other		667	667	779	.05	.05
	<u>95,937</u>	<u>327,311</u>	<u>423,248</u>	<u>395,970</u>	<u>28.77</u>	<u>27.87</u>
ADMINISTRATIVE AND SUPPORTIVE						
Administration	175,680	66,660	242,340	214,800	16.47	15.09
Medical records and library	18,343	1,155	19,498	21,987	1.32	1.54
Central supply room	34,557	672	35,229	15,718	2.39	1.10
Dietetics	166,721	91,998	258,719	244,074	17.59	17.13
Laundry		45,102	45,102	37,306	3.07	2.62
Linen		87	87	7,286	.01	.51
Housekeeping	120,811	19,752	140,563	148,191	9.55	10.40
Plant operation and security		160,474	160,474	160,693	10.91	11.28
Plant maintenance	39,696	36,152	75,848	72,480	5.15	5.09
	<u>555,808</u>	<u>422,052</u>	<u>977,860</u>	<u>922,535</u>	<u>66.46</u>	<u>64.76</u>
MEDICAL AND SURGICAL SUPPLIES		43,198	43,198	27,364	2.94	1.92
DRUGS		52,649	52,649	49,066	3.58	3.45
EMPLOYEE BENEFITS		152,669	152,669	144,100	10.38	10.12
TOTAL EXPENSES	<u>\$1,675,285</u>	<u>\$1,000,394</u>	<u>\$2,675,679</u>	<u>\$2,512,349</u>	<u>\$181.87</u>	<u>\$176.38</u>
Average per patient per day, 1985	<u>\$ 113.87</u>	<u>\$ 68.00</u>	<u>\$ 181.87</u>			
Total expenses for 1984	<u>\$1,603,799</u>	<u>\$ 908,550</u>		<u>\$2,512,349</u>		
Average per patient per day, 1984	<u>\$ 112.59</u>	<u>\$ 63.78</u>		<u>\$ 176.38</u>		

HALIFAX CIVIC HOSPITAL

12.

SUPPLEMENTARY DETAIL OF CERTAIN EXPENSES
(OTHER THAN SALARIES)

SCHEDULE C

YEAR ENDED MARCH 31, 1985

	1985	1984 (as restated note 2)	Average per patient per day	
			1985	1984 (as restated note 2)
ADMINISTRATION				
Association membership fees	\$ 3,910	\$ 3,025	\$.27	\$.21
Bonding and insurance	4,988	3,359	.34	.24
Business machine expense	3,158	2,972	.21	.21
Postage	1,837	1,702	.12	.12
Printing, stationery and office supplies	10,325	8,091	.70	.57
Professional fees	6,750	6,755	.46	.47
Telephone	8,560	8,464	.58	.59
Indemnity to board members	645	810	.04	.06
Convention, meeting	1,903	604	.13	.04
Car fare and local travel	6,111	6,446	.42	.45
Other supplies and expenses	18,473	11,026	1.26	.78
	<u>\$ 66,660</u>	<u>\$ 53,254</u>	<u>\$ 4.53</u>	<u>\$ 3.74</u>
DIETETICS				
Food	\$ 79,209	\$ 73,174	\$ 5.39	\$ 5.14
Dishes and utensils	2,853	1,977	.19	.14
Paper goods	7,275	5,786	.49	.40
Other	2,661	724	.18	.05
	<u>\$ 91,998</u>	<u>\$ 81,661</u>	<u>\$ 6.25</u>	<u>\$ 5.73</u>
PLANT OPERATION AND SECURITY				
Depreciation	\$ 27,315	\$ 27,136	\$ 1.86	\$ 1.90
Depreciation, land improvements		822		.06
Security	31,032	29,927	2.11	2.10
Heat	59,501	60,492	4.04	4.24
Water	7,078	6,707	.48	.47
Electricity	26,032	23,849	1.78	1.67
Insurance	4,166	4,106	.28	.29
Other supplies and expenses	5,350	7,654	.36	.54
	<u>\$160,474</u>	<u>\$160,693</u>	<u>\$10.91</u>	<u>\$11.27</u>
PLANT MAINTENANCE				
Maintenance and repairs				
Building	\$ 9,496	\$ 16,947	\$.65	\$ 1.19
Equipment	17,700	13,021	1.20	.91
Other supplies and expenses	8,956	7,437	.61	.52
	<u>\$ 36,152</u>	<u>\$ 37,405</u>	<u>\$ 2.46</u>	<u>\$ 2.62</u>

HALIFAX CIVIC HOSPITAL

FIXED ASSETS AND ACCUMULATED DEPRECIATION

YEAR ENDED MARCH 31, 1985

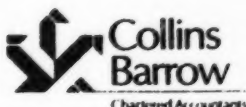
SCHEDULE D

	FIXED ASSETS			Rates of depreciation	ACCUMULATED DEPRECIATION			Net book value March 31, 1985
	Beginning of year	Additions	Adjustments		Beginning of year (as restated note 2)	Additions	Adjustments	
Land and improvements								
Site Improvement	\$ 35,200				\$ 240			\$ 35,200
Improvement, 1980	240			20.00%	4,110			240
	4,110				4,350			4,350
	39,550							35,200
Buildings	613,322			2.50%	613,321			613,321
Building service equipment	226,907	\$ 3,207		5.00%	96,737	\$11,506		108,243
	840,229	3,207			710,058	11,506		721,564
Major equipment	158,718				158,718			158,718
Fully depreciated Prior to 1972	63,481			6.25%	53,521	2,797	\$ 24,486	183,204
Group A, 5 years	10,265	3,836		20.00%	6,016	2,606	(18,733)	37,585
Group B, 10 years	69,406	10,854		10.00%	29,965	7,557	(1,071)	7,551
Group C, 15 years	37,912	285		6.67%	25,070	2,546	(4,682)	32,840
Group D, 20 years	6,051			5.00%	2,707	303		27,616
	345,833	14,975			275,997	15,809	N11	3,010
	10,914							291,806
Minor equipment								10,914
	\$1,236,526	\$18,182			\$990,405	\$27,315	N11	\$1,017,720
								\$236,988

PUBLIC SERVICE COMMISSION OF HALIFAX

FINANCIAL STATEMENTS

DECEMBER 31, 1985



1801 Hollis Street
P.O. Box 40
Halifax, Nova Scotia
B3J 2L4
(902) 425-5610

AUDITORS' REPORT

To the Commissioners of
The Public Service Commission of Halifax

We have examined the balance sheet of the capital fund and the current fund of the Public Service Commission of Halifax as at December 31, 1985 and the statements of operations, capital surplus, current surplus and changes in amount due to current fund from capital fund for the year then ended. We have also made an examination with respect to reporting on the Commission's compliance with the accounting and financial matters of Clause 23(2) of the Deed of Trust and Mortgage and Clauses 5(a) and (b) of the Supplementary Deeds of Trust and Mortgage. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Commission as at December 31, 1985 and the results of its operations and the changes in amount due to current fund from capital fund for the year then ended in accordance with generally accepted accounting principles for public utilities applied on a basis consistent with that of the preceding year except as described in note 6. Further, in our opinion, the Commission was in compliance with the accounting and financial matters of the applicable clauses of the Deeds of Trust and Mortgage referred to above.

Halifax, Canada
February 7, 1985

Collins Barrow

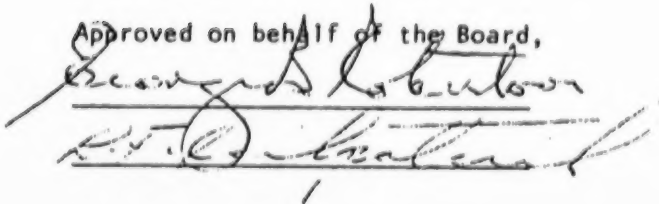
CHARTERED ACCOUNTANTS

PUBLIC SERVICE COMMISSION OF HALIFAX

BALANCE SHEETDECEMBER 31, 1985ASSETS

	<u>1985</u>	<u>1984</u>
Capital fund		
Utility plant		
Plant in service (Schedule 1)	\$86,702,308	\$85,078,409
Less: Accumulated depreciation	<u>11,405,357</u>	<u>10,361,488</u>
	75,296,951	74,716,921
Plant under construction	<u>582,166</u>	<u>11,864</u>
	75,879,117	74,728,785
Plant not in service	1,033,543	1,037,268
Trust account (note 2)	3,659,554	3,807,894
Unamortized debt discount and issue expenses	<u>71,094</u>	<u>79,812</u>
	<u>80,643,308</u>	<u>79,653,759</u>
Operating fund		
Cash	356,399	368,905
Accounts receivable		
Customers and contractual	478,668	560,993
Municipal Services Assistance	176,409	176,418
Other	65,788	256,319
Investments, at cost	518,000	628,000
Materials and supplies	865,862	657,510
Deferred charges (note 3)	979,729	528,288
Due from capital fund	<u>2,078,897</u>	<u>1,517,743</u>
	<u>5,519,752</u>	<u>4,694,176</u>
	<u>\$86,163,060</u>	<u>\$84,347,935</u>

Approved on behalf of the Board,



PUBLIC SERVICE COMMISSION OF HALIFAX

BALANCE SHEET

DECEMBER 31, 1985

LIABILITIES

	<u>1985</u>	<u>1984</u>
Capital fund		
Long term debt (Schedule 2)		
First mortgage bonds	\$ 3,060,000	\$ 3,338,000
Province of Nova Scotia, debentures	15,943,286	16,488,014
Canada Mortgage and Housing Corporation, debentures	<u>314,870</u>	<u>324,762</u>
	19,318,156	20,150,776
Contributions to utility plant (note 6)	299,745	
Due to operating fund	2,078,897	1,517,743
Capital surplus	<u>58,946,510</u>	<u>57,985,240</u>
	<u>80,643,308</u>	<u>79,653,759</u>
Operating fund		
Accounts payable and accrued charges	484,712	476,629
Contractor and customer deposits	19,889	18,777
Due to City of Halifax - pollution control charges	321,468	208,278
Accrued interest on long term debt	1,246,954	1,279,397
Current appropriation of long term debt	620,912	572,821
Pension supplement reserve	<u>200,000</u>	<u>200,000</u>
	2,893,935	2,755,902
Operating surplus	<u>2,625,817</u>	<u>1,938,274</u>
	<u>5,519,752</u>	<u>4,694,176</u>
	<u>\$86,163,060</u>	<u>\$84,347,935</u>

PUBLIC SERVICE COMMISSION OF HALIFAX

STATEMENT OF CAPITAL SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 1985

	<u>1985</u>	<u>1984</u>
Balance, beginning of the year	\$57,985,240	\$54,930,644
Contributions to non-depreciable plant (note 6)	28,496	80,963
Redemption of long term debt	832,620	806,380
Gain on disposal of plant	153,391	2,159,535
Retirements of undepreciated plant (note 6)	(53,237)	
Discount on debt purchased		7,718
Balance, end of the year	<u>\$58,946,510</u>	<u>\$57,985,240</u>

STATEMENT OF OPERATING SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 1985

	<u>1985</u>	<u>1984</u>
Balance, beginning of the year		
As previously stated	\$1,864,912	\$1,153,034
Adjustment of prior years' property taxes (note 4)	<u>73,362</u>	
As restated	1,938,274	1,153,034
Excess of revenue over expenditure	<u>687,543</u>	<u>785,240</u>
Balance, end of the year	<u>\$2,625,817</u>	<u>\$1,938,274</u>

PUBLIC SERVICE COMMISSION OF HALIFAX

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 1985

	<u>1985</u>	<u>1984</u>
Operating revenue (Schedule 3)	<u>\$9,067,169</u>	<u>\$9,487,412</u>
Operating expenditures (Schedule 4)	<u>5,092,968</u>	<u>4,898,923</u>
Taxes (note 4)	<u>113,439</u>	<u>245,936</u>
Depreciation	<u>1,076,100</u>	<u>1,074,454</u>
	<u>6,282,507</u>	<u>6,219,313</u>
	<u>2,784,662</u>	<u>3,268,099</u>
Financial revenue		
Municipal services assistance	235,215	235,225
Interest on trust account	397,184	414,903
Interest on investments	83,711	144,316
Other	<u>43,408</u>	<u>52,655</u>
	<u>759,518</u>	<u>847,099</u>
Financial expenditures		
Interest on long term debt	1,844,443	1,887,782
Interest on current borrowings	41,880	293,055
Exchange on debt paid in U.S. funds	50,386	49,648
Amortization of debt discount and issue expenses	<u>8,717</u>	<u>9,711</u>
	<u>1,945,426</u>	<u>2,240,196</u>
Appropriations (note 5)		
Redemption of long term debt	880,711	811,862
Pension plan and supplement	<u>30,500</u>	<u>277,900</u>
	<u>911,211</u>	<u>1,089,762</u>
Excess of revenue over expenditure	<u>\$ 687,543</u>	<u>\$ 785,240</u>

PUBLIC SERVICE COMMISSION OF HALIFAX

STATEMENT OF CHANGES IN AMOUNT DUE TO
CURRENT FUND FROM CAPITAL FUND

FOR THE YEAR ENDED DECEMBER 31, 1985

	<u>1985</u>	<u>1984</u>
Increases		
Net additions to plant	\$2,323,647	\$1,129,382
Less: Contributions	<u>328,241</u>	<u>80,963</u>
	1,995,406	1,048,419
Interest received on trust account	398,085	388,430
Reduction in short term loans	<u></u>	<u>2,600,000</u>
	<u>2,393,491</u>	<u>4,036,849</u>
Decreases		
Payments, appropriated from income, of principal and interest on first mortgage bonds from trust account	546,425	578,755
Depreciation	1,122,194	1,119,897
Amortization of debt discount and issue expense	8,718	9,711
Proceeds from disposal of plant deposited to current fund	<u>155,000</u>	<u>2,342,342</u>
	<u>1,832,337</u>	<u>4,050,705</u>
Net increase (decrease) in amount due to current fund from capital fund	561,154	(13,856)
Balance, beginning of the year	<u>1,517,743</u>	<u>1,531,599</u>
Balance, end of the year	<u>\$2,078,897</u>	<u>\$1,517,743</u>

PUBLIC SERVICE COMMISSION OF HALIFAX

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1985

1. Accounting Policies

(a) Regulation

In matters of administrative policy relating to water rates, capital expenditures, depreciation rates and accounting matters, the Commission is subject to the jurisdiction of the Board of Commissioners of Public Utilities of Nova Scotia.

(b) Plant

Plant in service (Schedule 1) is recorded at cost, including interest capitalized on the financing of major projects during construction. Contributions received for non-depreciable capital expenditures are credited to the Capital Surplus account. Contributions received for depreciable capital expenditures are accounted for in the capital fund as a deferred credit and are amortized on the same basis as the related asset. Plant and land taken out of service is removed from utility plant in service and placed in plant not in service at cost less accumulated depreciation. Assets disposed of are withdrawn from the asset accounts. Losses or gains related to assets retired, demolished or sold are charged or credited to capital surplus.

(c) Depreciation

Depreciation is recorded on a straight line basis and is calculated over the estimated useful lives of the assets. The estimated useful lives for the major classifications of utility plant in service are as follows:

Transmission mains	100 years
Distribution mains	60 and 75 years
Water treatment and purification plant	from 25 to 50 years
Buildings and structures	50, 60 and 100 years
Equipment, furniture and tools	from 5 to 30 years
Vehicles	3 and 4 years

(d) Materials and supplies

Materials and supplies are recorded at cost. Obsolete items are written off periodically.

(e) Meter replacement program

The Commission undertook a program starting in 1982 to replace existing meters with outside meters. The cost of the abandoned meters, less disposal proceeds, is being added to deferred charges and amortized over a period of 15 years.

PUBLIC SERVICE COMMISSION OF HALIFAX

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1985

(f) Revenue (Schedule 3)

Revenues are based on cycle billings for the supply of metered water. The Commission does not accrue revenue for delivered water which is not billed.

2. Trust Account

The Province of Nova Scotia expropriated surplus watershed land in 1980. Sufficient proceeds from the expropriation have been invested with Royal Trust to meet all principal and interest obligations for present outstanding first mortgage bonds under the Principal and Supplementary Deeds of Trust and Mortgage. Principal funds in excess of the above stated requirements are available for capital purposes only. The investments in this account consist of senior government and corporate debentures recorded at cost.

Under the Deeds of Trust and Mortgage covering the Serial Bonds, the Commission is required to maintain a reserve fund equal to one year's principal and interest of the First Mortgage Serial Bonds. The Commission is using the trust account to satisfy the requirement of maintaining a reserve fund.

3. Deferred Charges

	<u>1985</u>	<u>1984</u>
Meter replacement program	\$627,104	\$446,478
Other deferred charges	<u>352,625</u>	<u>81,810</u>
	<u>\$979,729</u>	<u>\$528,288</u>

4. Prior Period Adjustment

As a result of an appeal of property tax assessments for the 1984 year, the City of Halifax changed its basis of assessment from commercial basis to water utility resource basis for 1984 and subsequent years. Consequently, a refund of 1984 municipal taxes paid of \$73,362, relating to the change in assessment rates was received and credited to operating surplus. In addition, assessment values of properties were reduced for the current year resulting in a significant reduction in the taxation expense.

5. Appropriations

Redemption of long term debt

The accounting regulations of the Board of Commissioners of Public Utilities of Nova Scotia require the Commission to appropriate an annual provision for the repayment of long term debt from current year's income.

PUBLIC SERVICE COMMISSION OF HALIFAX

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1985

5. Appropriations (continued)

Pension plan

Appropriations of \$30,500 were made from income for the current year.

6. Change in Accounting Policy

As a result of the issue of the Nova Scotia Accounting and Reporting Handbook for Water Utilities by the Board of Public Utilities effective January 1, 1985, the following changes in accounting policy were required:

(a) Contributions to utility plant

Contributions to the cost of depreciable assets are set up as deferred credits and amortized over the same period as the gross cost of the asset taken into utility plant. In previous years, contributions to the cost of depreciable assets were credited directly to capital surplus. The Board of Public Utilities has given approval to continue depreciating the gross cost of assets acquired in previous years and accordingly, the change is being given prospective application.

(b) Retirements of undepreciated utility plant

Retirements are charged to capital surplus. In previous years, the retirements were charged through operations. The change is being given prospective application, the resulting increase in operating surplus being \$53,237.

7. Comparative Figures

The presentation of certain accounts of the previous year have been changed to conform with the presentation adopted for the current year.

PUBLIC SERVICE COMMISSION OF HALIFAX

SUPPLEMENTARY FINANCIAL INFORMATION

DECEMBER 31, 1985

UTILITY PLANT IN SERVICE

	January 1, 1985	Additions	Retirements	December 31, 1985
LAND AND LAND RIGHTS				
Source of supply	\$ 425,600	\$ 29,843	\$	\$ 455,443
Power and pumping	211,467			211,467
Transmission land and rights-of-way	863,573			863,573
Water rights	1,065,001			1,065,001
Reservoir	98,976			98,976
Office	8,875			8,875
Stores, shops and garage	8,263			8,263
Railway spur	2,353			2,353
STRUCTURES AND IMPROVEMENTS				
Source of supply	64,493			64,493
Power and pumping	3,563,256	51,925		3,615,181
Purification	11,778,448			11,778,448
Distribution reservoirs	3,662,470			3,662,470
General	505,908			505,908
Lake intakes	34,898			34,898
Other source	820,111			820,111
Office and building	522,063	4,329		526,392
Storage and garage	202,000			202,000
Railroad spur	10,542			10,542
Collecting and impounding reservoirs	1,894,601			1,894,601
ELECTRICAL PUMPING EQUIPMENT	1,945,868	25,846		1,971,714
GASOLINE PUMPING EQUIPMENT	115,812			115,812
PURIFICATION EQUIPMENT	3,161,055	5,985		3,167,040
MAINS				
Transmission	21,418,841	130,250	777	21,548,314
Distribution	23,755,380	1,010,148	69,132	24,696,396
SERVICES				
Service lines	3,797,360	185,615	12,759	3,970,216
Sprinkler lines	656,001	37,612		693,613
Carried forward	\$80,593,215	\$1,481,553	\$ 82,668	\$ 81,992,100

PUBLIC SERVICE COMMISSION OF HALIFAXSUPPLEMENTARY FINANCIAL INFORMATIONDECEMBER 31, 1985UTILITY PLANT IN SERVICE (CONTINUED)

	<u>January 1, 1985</u>	<u>Additions</u>	<u>Retirements</u>	<u>December 31, 1985</u>
Brought forward	\$80,593,215	\$1,481,553	\$ 82,668	\$ 81,992,100
<u>METERS</u>				
Installed and in shop	1,381,303	356,405	255,302	1,482,406
<u>HYDRANTS</u>				
Installed in street	2,214,205	75,160	18,016	2,271,349
<u>OTHER EQUIPMENT</u>				
Office	313,932	12,240	2,367	323,805
Transportation	290,728	61,446	35,241	316,933
Stores	5,659			5,659
Meter shop	8,138			8,138
Blacksmith shop	3,118			3,118
Plumbing shop	1,981			1,981
General shop	639			639
Garage	10,567			10,567
Power tools	86,824	7,367	1,448	92,743
Other tools	128,796	17,196		145,992
Plant tools and equipment	15,023	2,973		17,996
Radio communications equipment	24,281	5,556	955	28,882
	<u>\$85,078,409</u>	<u>\$2,019,896</u>	<u>\$ 395,997</u>	<u>\$ 86,702,308</u>

PUBLIC SERVICE COMMISSION OF HALIFAXSUPPLEMENTARY FINANCIAL INFORMATIONDECEMBER 31, 1985LONG TERM DEBTFIRST MORTGAGE BONDS

Series	Interest rate	Original issue	Final maturity	Balance Remaining	
				1984	1985
C	7%	562,000	1987	\$ 100,000	68,000
D	7%	850,000	1988	197,000	151,000
E	8%	1,000,000	1991	403,000	355,000
F	7 1/2%	800,000	1993	383,000	349,000
G	7 1/4%	800,000	1995	419,000	388,000
H	8 1/2%	1,200,000	1997	768,000	728,000
I (U.S. funds)	9 1/4%	1,500,000	1998	1,068,000	1,021,000
		<u>6,712,000</u>		<u>3,338,000</u>	<u>3,060,000</u>

DEBENTURESProvince of Nova Scotia

1	9.0933%	4,125,589	1996	3,242,533	3,082,435
2	9.3520%	1,380,499	1998	1,183,629	1,139,281
3	9.3217%	1,498,933	1999	1,328,730	1,284,606
4	9.5757%	834,444	1999	741,904	717,756
5	10.25 %	10,848,806	2000	9,991,218	9,719,208
		<u>18,688,271</u>		<u>16,488,014</u>	<u>15,943,286</u>

Canada Mortgage and
Housing Corporation

1	10.375 %	134,360	1998	117,265	113,266
2	9.5 %	8,291	1998	7,147	6,887
3	9.375 %	95,939	1999	85,318	82,545
4	11.00 %	123,845	2000	115,032	112,172
		<u>362,435</u>		<u>324,762</u>	<u>314,870</u>
		<u>\$25,762,706</u>		<u>\$20,150,776</u>	<u>\$19,318,156</u>

The First Mortgage Bonds are secured by a mortgage on the property of the Commission as described in the respective Deeds of Trust and Mortgage on file at the office of the Commission. These bonds are redeemable annually with interest payable semi-annually.

PUBLIC SERVICE COMMISSION OF HALIFAXSUPPLEMENTARY FINANCIAL INFORMATIONDECEMBER 31, 1985LONG TERM DEBT (CONTINUED)

Effective August 16, 1985, the interest rates on the First Mortgage Bonds were increased by 2%. Accordingly, the terms of the Deeds of Trust and Mortgage were amended to allow the Commission to dispose of properties valued in excess of \$10,000 without prior permission from the bondholders.

The Debentures consist of loans repayable in fixed annual installments including principal and interest.

MATURITIES

The long term debt maturities for the next five years are as follows:

1986	900,672
1987	972,009
1988	1,026,148
1989	1,048,658
1990	1,142,165
Subsequent to 1990	<u>14,228,504</u>
	<u>\$19,318,156</u>

PUBLIC SERVICE COMMISSION OF HALIFAX
SUPPLEMENTARY FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 1985
OPERATING REVENUE

	<u>1985</u>	<u>1984</u>
Metered sales		
Halifax	\$5,975,628	\$6,086,509
Bedford/Sackville	<u>377,247</u>	<u>510,731</u>
	6,352,875	6,597,240
Flat rate sales		
Commercial	5,101	2,500
Other water revenue		
Public fire protection	2,494,380	2,728,340
Sprinkler services	53,511	54,162
Customers' forfeited discounts	61,017	60,243
Miscellaneous	<u>100,285</u>	<u>44,927</u>
	<u>2,709,193</u>	<u>2,887,672</u>
	<u>\$9,067,169</u>	<u>\$9,487,412</u>

PUBLIC SERVICE COMMISSION OF HALIFAX
SUPPLEMENTARY FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 1985

OPERATING EXPENDITURES

	<u>1985</u>	<u>1984</u>
Source of supply	\$ 123,360	\$ 111,812
Pressure reducing valve chambers	59,255	51,422
Pumping stations	55,923	56,522
Raw water pumping stations	506,914	493,047
Pockwock water treatment plant	864,447	834,378
Fluoridation	79,333	62,111
Water quality control	37,632	40,151
Lady Hammond Road information center	27,392	26,710
Transmission and distribution	1,843,166	1,624,985
Customers' collecting and accounting	386,401	441,558
Administrative	445,514	440,069
General	<u>663,631</u>	<u>716,158</u>
	<u>\$5,092,968</u>	<u>\$4,898,923</u>

